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26 September 2016

Dear Sir/Madam

**CABINET MEETING**

A meeting of the Cabinet has been arranged to take place on **TUESDAY 4 OCTOBER 2016 at 6.00 PM** in **THE COMMITTEE ROOM, DISTRICT COUNCIL HOUSE, LICHFIELD** to consider the following business.

Access to the Committee Room is via the Members' Entrance.


Yours faithfully



Director of Transformation & Resources

**To: Members of the Cabinet**

Councillors: Wilcox (Leader), Pritchard (Deputy Leader), Eadie, Fisher, Greatorex, Pullen, Smith and Spruce.

- 
1. Apologies for Absence
  2. Declarations of Interest
  3. Efficiency Plan (copy attached)
  4. Community Infrastructure Levy Regulation 123 List consultation (copy attached)
  5. Friarsgate – Governance (copy attached)
  6. Friarsgate - Greater Birmingham and Solihull Local Enterprise Partnership Funding (copy attached)
  7. Friarsgate – Coach Park Lease (copy attached)
  8. Review of Outsourced Printing Services (copy attached)
  9. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED: "That as publicity would be prejudicial to the

public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following items of business, which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972”

10. To Receive the Confidential Minutes of the Asset Strategy Group Meeting held on 8 September 2016

(copy attached)



# EFFICIENCY PLAN

CLLr Mike Wilcox , Leader of the Council

Date: 4<sup>th</sup> October 2016

Agenda Item: 3

Contact Officer: Anthony Thomas/Diane Tilley

Tel Number: 01543 308001

Email: Diane.tilley@lichfielddc.gov.uk

Key Decision? **NO**

Local Ward  
Members **All Councillors**

  
Lichfield  
district council  
www.lichfielddc.gov.uk

**CABINET**

## 1. Executive Summary

- 1.1 The Secretary of State for Communities and Local Government announced on 17 December 2015 an opportunity “to achieve greater certainty and confidence from a 4-year budget” through the production and submission of an Efficiency Plan by **14 October 2016**.
- 1.2 The Council received a letter with further details on Multi-Year Settlements and Efficiency Plans on 10 March 2016. This letter identified that the production of an efficiency plan was to be “as simple and straightforward as possible” and “is not about creating additional bureaucracy”.
- 1.3 It is proposed that an Efficiency Plan is submitted to government<sup>1</sup> in order to guarantee a four year settlement which would bring increased certainty to our own Medium Term Financial Strategy (MTFS). The Council will need to make significant levels of savings or achieve additional income to close the Funding Gap of **£1,537,990**<sup>2</sup> by 2019/20. The Council has developed an **Efficiency Plan**, to meet the Funding Gap. The **Efficiency Plan** has four strands :
- **In Year Efficiency Savings/Income Generation.** The Council has had favourable financial performance over the last three financial years, in comparison with the Approved Budget as a result of improved budget monitoring procedures and efficiency opportunities. Examples include unanticipated planning application receipts or reductions in utility costs in the event of mild winters. Any recurring savings are captured and built into the MTFS.
  - **Fit for the Future (F4F) Efficiency Savings/Income Generation.** This is part of the Council’s ongoing F4F programme. This programme is designed to manage the change that will be needed across LDC and its services in order to meet all of the changes following the fundamental review of Local Government finances. Examples include the current review of community transport and contract renewals
  - **F4F Transformational Change.** This is the element of the F4F programme designed to reshape and redesign LDC and its services into one that is fit for the future. Examples include: the review of the Leisure Service which seeks to outsource the management and operation of Council’s leisure centres and digitisation of services
  - **Growing the Business Rates and Council Tax base.** The Council will seek to maximise the growth of both of these in order to increase the income from these funding sources. This will help to enable LDC to become financially self-sufficient over the medium term. Examples include: maximising the potential of our assets, unlocking development potential on allocated sites and working with partners, such as Local Enterprise Partnerships, to maximise infrastructure investment.
- 1.4 The proposed Efficiency plan is attached at **Appendix A**

<sup>1</sup> This is by way of an email to DCLG with a link to a published plan

<sup>2</sup> This is the total of an Efficiency Plan Target of £500,000 plus the additional Funding Gap of £1,037,990.

## 2. Recommendations

- 2.1 It is recommended that Cabinet approve the Efficiency Plan for publication and submission to the Department of Communities and Local Government (DCLG).

## 3. Background

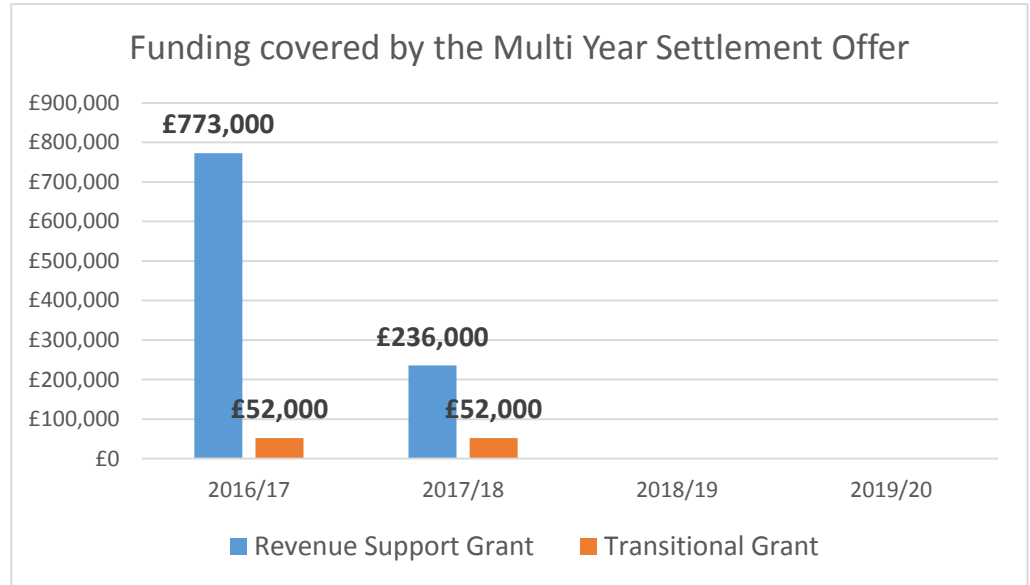
- 3.1 The Secretary of State for Communities and Local Government announced on 17 December 2015 an opportunity “to achieve greater certainty and confidence from a 4-year budget” through the production and submission of an Efficiency Plan by **14 October 2016**.
- 3.2 The Council received a letter with further details on Multi-Year Settlements and Efficiency Plans on 10 March 2016. This letter identified that the production of an efficiency plan was to be “as simple and straightforward as possible” and “is not about creating additional bureaucracy”.
- 3.3 The letter further indicated “I do not intend to provide further guidance of what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings”.
- 3.4 The conditions of the Multi Year Settlement are:
- It covers the four year period 2016/17 to 2019/20.
  - It is available to any Council that wishes to take up a four year funding settlement including District Councils.
  - It includes funding from Revenue Support Grant, Transitional Grant and Rural Services Deliver Grant.
  - In addition, tariffs and top-ups in 2017/18, 2018/19 and 2019/20 will not be altered for reasons related to need although the final year 2019/20 they may be subject change as a result of the implementation of 100% business rates retention.
- 3.5 This protects against changes in need but not against ‘future events’ e.g. transfers of functions to Local Government, transfers of responsibility for functions between local authorities, mergers between local authorities and any other unforeseen events such as the potential impact of Brexit on the economy.
- 3.6 The impact of Brexit and therefore potential additional Infrastructure Spending and / or tax reductions by the Government could further increase the national deficit and lead to additional pressure for more savings from unprotected budget areas such as local government. This will not become clear until the Autumn statement on 23 November 2016.
- 3.7 CIPFA, working with the Local Government Association and DCLG, have however proposed some ‘top tips’ for the preparation of such plans and these have been taken into account in drafting this plan. The overriding principle is that each Council should be judged on its own merits and include prompts such as:
- How clear are their plans?
  - What role is partnership working expected to take?
  - Aspirations around transformation programmes.
  - How are Councils planning to achieve their efficiencies?
  - Is there clear ownership and accountability?
  - Is there robustness around the management, monitoring and measurement of outcomes?
- 3.8 This means it is likely to be a relatively short document including narrative around its latest budget potentially presented by theme to show how it is growing its local economy, corporate plan, transformation plan, asset management plan and baseline organisational structure.
- 3.9 The Council’s Efficiency Plan is focused on the following areas:

- **The Council’s Strategic Plan 2016-20** – detailing the Council’s vision, its corporate priorities, the overall aim to help communities become more self-sufficient and resilient.
- **The Medium Term Financial Strategy 2016-20** – the Council’s Revenue Budget and Capital Programme by Corporate Priority. In addition we have provided information on:
  1. The Local Plan and the Community Infrastructure Levy.
  2. Housing Growth
  3. Economic Growth.
  4. Partnerships.
  5. Reserves.
  6. The Council’s Assets.
  7. Our approach to Invest to Save.
- **Risks** – including specific local risks such as Friarsgate, the management restructuring, Business Rates and other wider economic, financial and social risks.
- **Fit for the future** – including our approach to transformation and Fit for the Future review’s key principles and features.

3.10 This long term funding settlement should increase local authority certainty and confidence and is seen as a key step towards supporting councils to strengthen financial management and work collaboratively with local partners when considering the future provision of services.

Alternative Options	<ol style="list-style-type: none"> <li>1. The alternative option is not to submit an Efficiency Plan and thus not secure four year funding settlement. The letter from the Secretary of State indicates “It is open to any Council to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement”.</li> <li>2. This is considered to increase the risk to future grants and will reduce certainty in the Council’s own MTFS preparation and budget management.</li> </ol>																				
Consultation	<ol style="list-style-type: none"> <li>1. This document summarises the approach the council intend to take on efficiency which has already been considered and approved through the Fit for the Future process and the MTFS for 2016–20</li> </ol>																				
Financial Implications	<ol style="list-style-type: none"> <li>1. There are no additional costs associated with the submission.</li> <li>2. The Funding Gap included in the MTFS 2016-20 approved by Council on 23 February 2016 is shown in the chart below:           <div data-bbox="470 1512 1492 2038" data-label="Figure"> <table border="1"> <caption>Cumulative Funding Gap Breakdown</caption> <thead> <tr> <th>Year</th> <th>Efficiency Plan Target</th> <th>Additional Funding Gap</th> <th>Total Funding Gap</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>£350,000</td> <td>£0</td> <td>£350,000</td> </tr> <tr> <td>2017/18</td> <td>£500,000</td> <td>£176,000</td> <td>£676,000</td> </tr> <tr> <td>2018/19</td> <td>£500,000</td> <td>£676,000</td> <td>£1,176,000</td> </tr> <tr> <td>2019/20</td> <td>£500,000</td> <td>£1,184,000</td> <td>£1,684,000</td> </tr> </tbody> </table> </div> </li> </ol>	Year	Efficiency Plan Target	Additional Funding Gap	Total Funding Gap	2016/17	£350,000	£0	£350,000	2017/18	£500,000	£176,000	£676,000	2018/19	£500,000	£676,000	£1,176,000	2019/20	£500,000	£1,184,000	£1,684,000
Year	Efficiency Plan Target	Additional Funding Gap	Total Funding Gap																		
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2019/20	£500,000	£1,184,000	£1,684,000																		

3. The level of Revenue Support Grant and Transitional Grant included in the Approved MTFS 2016-20 (the Council does not receive Rural Services Delivery Grant) is shown in the chart below:



4. In addition, in 2019/20 the Council is subject to a Tariff Adjustment (or Negative Revenue Support Grant) of **£453,000**.

Contribution to the Delivery of the Strategic Plan	1. This will support the Strategic Plan ambition of ensuring our Council is fit for the future.
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Equality, Diversity and Human Rights Implications	1. There are no Equality, diversity or Human rights issues for this Plan. Clearly where individual services are reviewed through Fit for the Future such issues will be addressed.
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Crime & Safety Issues	1. There are no Crime and Safety issues
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The plan is not approved by DCLG	We have utilised approved Council policies including the Strategic Plan and the Local Plan and incorporated 'Top Tips' provided by CIPFA and the Local Government Association	Green - Tolerable

Background documents.  
 MTFS 2020-16  
 Letter from the Department of Communities and Local Government dated 10 March 2016.  
 Top Tips from the Local Government Sector.

Relevant web links

## Lichfield District Council Efficiency Plan 2016/2020

### 1. The Council's Strategic Plan 2016-20

1.1. The Council's Strategic Plan 2016-20 sets out the Council's vision for the district and the priorities it will focus on between 2016 and 2020. The Strategic Plan<sup>1</sup> and the Medium Term Financial Strategy 2016-20<sup>2</sup> were approved recently by full Council on 23 February 2016. The Council's vision contained in the Plan is:

**“To be a strong, flexible council that delivers good value, quality services and helps to support a vibrant and prosperous economy, healthy and safe communities and clean, green and welcoming places to live.”**

1.2. The plan has been developed with the input of councillors, residents, partners and staff. It summarises what we will do, sets out where we will seek to influence other organisations, and suggests how communities can help to make sure our district has:

- **A vibrant and prosperous economy**
- **Healthy and safe communities**
- **Clean, green and welcoming places to live**

1.3. The plan sets out how the Council thinks it can best contribute to these three priorities. We know people who are in employment, stay active and healthy, and have somewhere safe and affordable to live, need less support and services from the council and other public sector organisations.

1.4. Our overall aim is to help our communities become more self-sufficient and resilient and ensure people have the support and opportunities to help themselves, so that we can better support those most in need. It is more important than ever that we are clear on how we allocate resources, and that we are confident we are focussing on the right things. We know Central Government funding will reduce even further, and that changes to our population will mean demand for some services will increase and customer expectations will change.

1.5. As part of our approach to being **a council that is fit for the future**, we need to continue to find new ways to deliver our services, adopt different approaches to using our resources, and influence more organisations and individuals to help achieve what we know are the most important outcomes for our district and communities. We need and expect other organisations to do their bit.

1.6. We remain committed to working collaboratively with a range of partners across the district including schools and colleges, the county council, health, police and fire services to achieve what is needed for our district. We also need the continued support of the voluntary, business and community sectors, to maximise the huge contribution they make to the quality of life of local communities and residents.

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<sup>1</sup> <https://www.lichfielddc.gov.uk/Council/Performance/Our-Strategic-Plan-2016-2020.aspx>

<sup>2</sup> <https://www.lichfielddc.gov.uk/Council/Meetings-committees-and-papers/FullCouncil/2016/02/23/Agenda/Council-23rd-Feb-2016-Full-Non-Con-Agenda-and-reports.pdf>

2. Given the rapidly changing environment we are operating in, we are committed to reviewing our plan each year through our annual action plan process to ensure it continues to reflect the needs of our district. We will also publish an annual action plan that sets out the key activities, programmes and projects we will deliver to help us achieve the outcomes set out in our plan.

### The Medium Term Financial Strategy 2016-20

- 2.1. A summary of the Council's Medium Term Financial Strategy (MTFS) covering the four year period 2016 to 2020 is shown in the tables below:

#### Revenue Budget

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<u>Funding Covered by the 4 Year Funding Settlement</u>				
Revenue Support Grant	(773)	(236)	0	0
Transition Grant	(52)	(52)	0	0
<b>Sub Total</b>	<b>(825)</b>	<b>(288)</b>	<b>0</b>	<b>0</b>
<u>Other Funding</u>				
New Homes Bonus	(1,883)	(1,893)	(1,189)	(1,141)
Retained Business Rates	(2,320)	(2,293)	(2,439)	(2,792)
Council Tax	(5,857)	(6,109)	(6,391)	(6,664)
Tariff Adjustment	0	0	0	453
Other Sources (including Collection Fund Deficit)	359	87	84	81
<b>Sub Total</b>	<b>(9,701)</b>	<b>(10,208)</b>	<b>(9,935)</b>	<b>(10,063)</b>
<b>Total Funding</b>	<b>(10,526)</b>	<b>(10,496)</b>	<b>(9,935)</b>	<b>(10,063)</b>
<u>Corporate Priorities (net expenditure)</u>				
A vibrant and prosperous economy <sup>3</sup>	114	254	(154)	95
Healthy and safe communities	2,592	2,675	2,797	2,905
Clean, green and welcoming places to live	6,082	6,166	6,345	6,429
A council that is fit for the future	2,079	2,077	1,978	2,172
<b>Total Expenditure</b>	<b>10,867</b>	<b>11,172</b>	<b>10,966</b>	<b>11,601</b>
Contribution to / (from) general reserves	9	0	0	0
<b>Cumulative Funding Gap</b>	<b>£350</b>	<b>£676</b>	<b>£1,031</b>	<b>£1,538</b>

- 2.2 The Council will need to make significant levels of savings or achieve additional income to close the Funding Gap of **£1.538m** by 2019/20. The Council has developed an **Efficiency Plan**, to meet the Funding Gap. The **Efficiency Plan** has four strands :

- **In Year Efficiency Savings/Income Generation.** The Council has had favourable financial performance over the last three financial years, in comparison with the Approved Budget as a result of improved budget monitoring procedures and efficiency opportunities. Examples include unanticipated planning application receipts or reductions in utility costs in the event of mild winters. Any recurring savings are captured and built into the MTFS.
- **Fit for the Future (F4F) Efficiency Savings/Income Generation.** This is part of the Council's ongoing F4F programme. This programme is designed to manage the change that will be needed across LDC and its services in order to meet all of the changes following the fundamental review of Local Government finances. Examples include the current review of community transport and contract renewals
- **F4F Transformational Change.** This is the element of the F4F programme designed to reshape and redesign LDC and its services into one that is fit for the future. Examples

<sup>3</sup> A number of the activities under this corporate priority including Planning, Building Control and car parking generate significant income meaning the net expenditure is relatively low.



include: the review of the Leisure Service which seeks to outsource the management and operation of Council's leisure centres and digitisation of services

- **Growing the Business Rates and Council Tax base.** The Council will seek to maximise the growth of both of these in order to increase the income from these funding sources. This will help to enable LDC to become financially self-sufficient over the medium term. Examples include: maximising the potential of our assets, unlocking development potential on allocated sites and working with partners, such as Local Enterprise Partnerships, to maximise infrastructure investment.

2.3. The offer of a four year funding settlement covering **£1.113m** (excluding the tariff adjustment) or **3%** of the total funding will provide further certainty for Medium Term Financial planning.

2.4. The other key assumptions and influences in the revenue element of the MTFS are summarised in the following paragraphs:

#### The Local Plan and the Community Infrastructure Levy

2.5. The Council adopted its Local Plan for the period from 2008 to 2029 on 17 February 2015 and following a successful examination and approval on 17 May 2016, the Community Infrastructure Levy was introduced on 13 June 2016.

2.6. The Council is promoting Neighbourhood Plans and currently there are 9 (36% of all Parishes) in progress. The adoption of these plans enables Parish areas to receive a share of the financial benefits of development in the form of Community Infrastructure Levy. This funding will enable them to set their own priorities for its investment.

#### Housing Growth

2.7. The Local Plan contains a target for additional residential growth of 10,030 new dwellings with an assumed delivery of 478 per annum and this will lead to additional Council Tax revenue and New Homes Bonus to support the delivery of the Strategic Plan.

#### Economic Growth

2.8. The Local Plan identifies 79.1 hectares of land for employment uses and this will create between 7,310 and 9,000 additional jobs. One of the key projects being delivered as part of this target is a Council led mixed use development of Council, Public Sector and Privately owned brownfield land in Lichfield City Centre. This project is in partnership with a Private Sector developer with Growth Deal support from both the Greater Birmingham and Solihull LEP and the Staffordshire and Stoke LEP. The investment of **£5m** included under the vibrant and prosperous economy priority in the Capital Programme will lead to additional business rates and additional housing.

2.9. The Council is a member of the Greater Birmingham and Solihull Business Rates Pool and this enables the risks and rewards of growth to be managed locally in LEP prioritised projects.

2.10. At this stage, the Council has decided not to become a non-constituent member of the West Midlands Combined Authority. However we will continue to monitor the situation in terms of its formation and operation to assess whether this decision needs to be reevaluated.

2.11. In addition, the HS2 will have a significant impact on economic development in the area and the Council has agreed to become a Qualifying Authority. This will enable the Council to exercise greater control over the detailed design whilst handling requests for approval in an expeditious manner to enable this infrastructure project to begin delivering benefits to the wider region.

#### Partnerships

2.12. The Council is involved in a number of partnership arrangements with other Councils such as Tamworth Borough Council where a Joint Waste Service with a Joint Committee has been established and is the lead Authority in the Southern Staffordshire Building Control Partnership.

In addition, there is a joint arrangement with Staffordshire Moorlands and High Peak District Councils and a private Sector partner for the delivery of Information Technology Services.

- 2.13. At present the Council is in two Local Enterprise Partnerships. This has enabled contributions of **£5m** in total from the Local Growth Funds to our flagship redevelopment project for a retail and leisure scheme in Lichfield City Centre. Our relationship with the West Midlands Combined Authority and Staffordshire Councils are kept under constant review as we assess the best route for the public sector reform and the appropriate geographical and administrative footprints on which we can best serve our communities.
- 2.14. The level of expenditure delivered through partnership arrangements is currently **24%** with **13** Service Level Agreements and contracts with other Local Authorities and the ICT Partner. This will increase to **30%** when the Council outsources the management and operation of its Leisure Services to an alternative provider in 2017/18.

#### Reserves

- 2.15. The risk based minimum level of reserves has increased from **£1.0m** in 2013/14 to **£1.4m** in 2016/17 principally because of the risks around the Localisation of Business Rates. Total reserves at 31 March 2016 were **£9.9m** and include some required as a result of legal agreements or partnerships of **£3.0m**. The legal agreements and the governance arrangements of these partnerships mean there are restrictions over how and when these resources can be utilised. These arrangements mean the level of reserves where the Council has discretion over their use in achieving strategic objectives total **£5.5m**.
- 2.16. At present these reserves are not being utilised to support the revenue budget although an element is being used for capital investment such as investment in the mixed use development in Lichfield City Centre. Therefore as detailed below these remaining reserves can be used to support the delivery of strategic priorities that require 'up front' funding to deliver transformation and savings.
- 2.17. The Council is also in the process of establishing a new approach for the management of earmarked reserves. The aim of this approach will be to ensure a more strategic approach together with more effective rigour in their monitoring and management.

#### Capital Programme

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Usable Capital Receipts	(2,026)	(984)	0	0
Revenue	(154)	(154)	(154)	(154)
Reserves	(935)	(1,242)	(42)	(3)
Planning Obligations, Grants & Contributions	(3,901)	(891)	(441)	(441)
Invest to Save	(67)	(20)	(15)	(32)
Finance Leases	(422)	(280)	(20)	0
<b>Total Funding</b>	<b>(7,505)</b>	<b>(3,571)</b>	<b>(672)</b>	<b>(630)</b>
<u>Corporate Priorities</u>				
A vibrant and prosperous economy	2,749	2,036	286	0
Healthy and safe communities	2,771	737	737	698
Clean, green and welcoming places to live	1,219	750	35	32
A council that is fit for the future	766	216	60	60
<b>Total Expenditure</b>	<b>7,505</b>	<b>3,739</b>	<b>1,118</b>	<b>790</b>
<b>Funding Gap - Borrowing Need</b>	<b>£0</b>	<b>£168</b>	<b>£446</b>	<b>£160</b>

- 2.18. The other key assumptions and influences in the Capital MTFS are summarised below:

#### The Council's Assets

- 2.19. The Council is entering into a joint venture with a private sector partner to provide opportunities for accessing funding and expertise in relation to Council assets. The partner will review the Council's property portfolio and develop any opportunities for revenue savings, increasing revenue income and increasing capital values. The overall aim and purpose would be the achievement of strategic objectives through the effective use of the Council's assets.
- 2.20. The Council has transferred ownership or has entered into long term leases for a number of Council owned assets to other organisations such as Parish Councils and voluntary organisations. The transfer of these assets enables more effective use of these assets. The Council continues to identify Council owned assets where strategic objectives could be better achieved through alternative arrangements.

#### Invest to Save

- 2.21. The Council evaluates the potential for Invest to Save as opportunities are identified. At present this has focussed on fleet and asset replacement however the level of reserves available to the Council provide the opportunity for this to be considered on a much wider scale. One area currently being considered as part of the Leisure Services Fit for the Future (see below for further details) review is investing in two synthetic pitch replacements to enable transfer of the management of Leisure Centres from the Council to a School and alternative providers to produce ongoing revenue savings.
- 2.22. In addition, the Council is planning to invest £0.536m under our corporate priority of a Council that is fit for the future in the digitisation of its services to enable new ways of delivering services including the ways we interact with our customers and communities.
- 2.23. The level of revenue reserves currently available mean at present the Council is unlikely to take advantage of the new capital receipts flexibility for funding transformation projects.

### **3. Risks**

- 3.1. There are a number of risks facing the Council and these are summarised below:
- The City Centre Redevelopment Project (Friarsgate) – this significant project is subject to a number of market risks including the ability of the Developer to attract a funder.
  - The Council is currently undertaking a restructuring of its management arrangements.
  - The Business Rates framework including issues such as appeals, the business rates revaluation and the full localisation of Business Rates including the specific issues of its operation in a two tier area.
  - The housing market and our ability to therefore maximise income from Council Tax and New Homes Bonus.
  - The impact of welfare reform.
  - The impact of further Public Sector Reform including budget pressures in partner public sector bodies impacting on our service areas and community.
  - The local issues that could result from the decision to leave the European Union including the impact on Businesses located in Lichfield District and the ability to attract a funder for the Friarsgate project.

- The impact of implementing the National Living Wage

DRAFT

#### **4. Fit for the future**

- 4.1 The 'Fit for the Future Programme' (F4F) is the Council's transformation programme (**Appendix 1**). It was introduced in May 2013 to help make the organisation financially and functionally fit for the challenges ahead.
- 4.2 The F4F Programme has delivered significant financial savings to date and has helped put the Council on a sounder financial footing in the short term
- 4.3. Further change and transformation is required to ensure the medium and long term sustainability of the Council. Having achieved notable efficiency savings, the F4F Programme now needs to focus increasingly on reforming and modernising how the organisation operates so that the organisation becomes a more productive and corporate council able to deliver agreed strategic outcomes with a smaller budget.
- 4.4. The overall purpose of the Programme remains to help ensure the Council is 'fit for the future'. To achieve this, the focus of the Programme needs to continue to evolve. Essentially there have been two distinct phases to date. Phase 1 of the programme during 2013/14 focussed on addressing the short term financial challenges facing the Council when the emphasis of the programme needed to be on identifying immediate savings to balance the Council's budget. Phase 2 of the programme has included fundamental reviews of key service areas including Development Services, Housing Services and Parks & Grounds Maintenance, with reviews of Leisure and the Revenues and Benefits Service currently ongoing. These service reviews, focussed primarily on identifying efficiency savings, remain an important part of 'Fit for the Future', but now need to become more mainstreamed as part of how the Council manages services.
- 4.5. The current phase of the Programme focuses more on transforming the way the Council operates, including how it interacts with customers and making sure the way the organisation is structured and organised is effective, productive and better aligned with the priority outcomes that will be set out in the new Strategic Plan. Looking at how demand for services can be reduced or managed and how service users can access services and information in ways that costs the council less (channel shift) are important elements of this. Decisions about where to spend money will need to become more evidence based, so that reduced resources can be targeted on those areas and communities who need them most.
- 4.6. This is now being reflected in the current tranche of reviews, which involves some reviews that are explicitly about organisational development, including a project focussing on 'creating a corporate council'. This is intended to address some of the key areas for improvement identified by the LGA Corporate Peer Challenge in September 2014, including a need to strengthen the corporate culture and ethos to enable the organisation to be more productive and one which operates in a more consistent manner based on transparent policies, clear organisational values and good governance.
- 4.7. This year (2016/17) a comprehensive management restructure is being implemented involving a reduction from 4 to 2 Directors and the creation of a tier of empowered Heads of Service, all linked to the Strategic Objectives and ambition of the Council.
- 4.8. Strong programme management and governance is essential to the continued success of the F4F Programme. The original concept has been revised and strengthened to ensure the governance and process remains proportionate and relevant by striking an appropriate balance between ensuring consistency and enabling flexibility given the nature and purpose of each review.

## FIT FOR THE FUTURE REVIEWS

### Key principles and features

The approach to 'Fit for the Future' (F4F) reviews should include the following principles and features. These will ensure robustness and consistency across all reviews and builds on learning from previous reviews.

- 1. A baseline analysis:** All reviews should start with an analysis of the 'baseline' situation. This should include information about the current configuration, cost and performance of the service/function. It should set out the purpose of the service/function, the outcomes it enables for users/customers, and where the demand for it comes from.
- 2. Continuous challenge:** There should be critical friend challenge throughout the review process. This should be sought internally from Overview & Scrutiny Committee, Challenge Director, and officers from other service areas, plus regular reporting to Leadership Team (as the F4F Programme Board). Proportionate external challenge should be sought from peers/experts from other authorities and through engagement/involvement of service users.
- 3. Stakeholder engagement:** The review should identify the key stakeholders to engage with during the review. These should include staff and service users. An engagement plan should form part of the Project Plan setting out who, why and when stakeholders will be engaged and involved during the review. This should include identifying the stakeholders who may potentially be adversely effected by the outcome of the Review.
- 4. Member involvement:** Members should be kept informed and, where appropriate, involved in the project as it progresses (for example via the appropriate Overview and Scrutiny Committee and Cabinet portfolio).
- 5. Compare and contrast:** Benchmarking information (where it exists) and practice from elsewhere in the sector (and beyond where relevant) should be sought and considered during the review. This is vital for informing the thinking about alternative service delivery models and fundamental re-design of how services and outcomes are delivered.
- 6. Consider alternatives:** It is essential to demonstrate that alternative options have been identified and considered as part of the review, including consideration of how demand for services and functions can be reduced, managed, or met by other means. All reviews should include an appraisal of different options as any proposals for change need to be evidence-based.
- 7. Assess impact and risk:** An Equality Impact Assessment (EIA) should be undertaken as proposals for change start to emerge. An EIA should be included in the final Review report so the impact of any changes can easily be identified and considered. Identifying and assessing the key risks of any proposed change should be a feature too.
- 8. Report and communicate progress and proposals:** Regular progress reporting to F4F Leadership Team as the F4F Programme Board against the Project Plan is required. Communication back to stakeholders who have been engaged as part of the review needs to be considered. Other reporting requirements – including a final report – are set out in the 'Programme governance requirements'.

# Community Infrastructure Levy Regulation 123

## List consultation

CLlR Ian Pritchard – Cabinet Member for Economic Growth, Development and Environment

Date:	4 <sup>th</sup> October 2016
Agenda Item:	4
Contact Officer:	Alison Richards/Ashley Baldwin
Tel Number:	01543 308152
Email:	alison.richards@lichfielddc.gov.uk
Key Decision?	NO
Local Ward Members	All



**Cabinet**

## 1. Executive Summary

- 1.1 The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6th April 2010 through the Community Infrastructure Levy Regulations 2010.
- 1.2 Lichfield District Council's Community Infrastructure Levy Charging Schedule, Regulation 123 list, Instalment Policy, In Kind Policy and Exemptions, Relief and Exceptional Circumstances Policy were all approved by Full Council on 19<sup>th</sup> April 2016. There is a commitment in the Regulation 123 list to update it on a regular basis and to ensure that the contents are clear to all readers and users of the list.

## 2. Recommendations

- 2.1 That Cabinet approves four weeks of public consultation on the revisions to the District Councils Community Infrastructure Levy Regulation 123 list.
- 2.2 That Cabinet delegate to the Cabinet Member for Economic Growth, Development and Environment in consultation with the Director of Place and Community the authority to approve consultation on any future amendments to the Regulation 123 list.

## 3. Background

- 3.1 The Community Infrastructure Levy (CIL) is a charge levied on certain new buildings and extensions to buildings according to their floor area. In this way money is raised from development to help the Council contribute towards the infrastructure required to ensure the District grows sustainably.
- 3.2 Following a lengthy development process in line with the CIL Regulations (2010) and substantial public consultation, the District Council's [Charging Schedule](#) was examined in January 2016 and approved by Full Council on 19<sup>th</sup> April 2016 along with the Regulation 123 list, Instalment Policy, In Kind Policy and Exemptions, Relief and Exceptional Circumstances Policy. Approval was also given to commence charging CIL on 13<sup>th</sup> June 2016.
- 3.3 CIL income from new development can be spent on anything that constitutes "infrastructure" as defined by Regulation 216 of the 2008 Planning Act and the CIL Regulations 2010 (as amended). As part of the administration of CIL, Regulation 123 of the Community Infrastructure Levy Regulations 2010 (as amended) sets out the requirement for the CIL Charging Authority to publish a list of the infrastructure

which may in whole or in part be funded through the CIL. This list prevents double funding, as items on this list cannot be funded through S106 agreements.

- 3.4 Planning Guidance states that ‘authorities may amend the Regulation 123 list without revising their charging schedule, subject to appropriate consultation. However, where a change to the regulation 123 list would have a very significant impact on the viability evidence that supported the examination of the charging schedule, this should be made as part of a review of the charging schedule’.
- 3.5 As noted in the currently adopted Regulation 123 list, it will be updated on a regular basis taking into account the Council’s Infrastructure Delivery Plan (IDP) and any changes to the CIL Regulations. The IDP has been updated and the Regulation 123 list attached at **APPENDIX A** has been amended accordingly. The opportunity has also been taken to where necessary provide clarity in relation to queries raised by stakeholders since publication of the original Reg. 123 list in April 2016. The amendments are shown in red on the Regulation 123 list at **APPENDIX A**. It is proposed to consult for a period of 4 weeks during October/November 2016 on the amendments to the current Regulation 123 list in line with the consultation requirements of the Statement of Community Involvement. It is considered that the proposed changes to the Regulation 123 list will have minimal impact on the viability evidence that was considered by the Examiner.
- 3.6 The results of the consultation and how any comments have been addressed will be reported back to Cabinet along with a proposed final version of the Regulation 123 list for approval in due course.

Alternative Options	<ol style="list-style-type: none"> <li>1. The District Council could continue with the current Regulation 123 list as approved by Full Council on 19<sup>th</sup> April 2016 however without the proposed revisions to the Regulation 123 list there would be a lack of clarity between the uses of CIL and S106 obligations and could reduce the Council’s capacity to secure S106 obligations which mitigate the impact of development.</li> </ol>
Consultation	<ol style="list-style-type: none"> <li>1. Consultation has taken place internally and with Staffordshire County Council regarding the content of the Regulation 123 list and the revisions to the Regulation list was presented to the Economic Growth, Environment and Development Overview and Scrutiny Committee at their 15<sup>th</sup> September 2016 meeting. Further public consultation will follow should the Cabinet agree this recommendation.</li> </ol>
Financial Implications	<ol style="list-style-type: none"> <li>1. Officer time will be needed to run the consultation</li> <li>2. The District Council is required to publish a list of the infrastructure (Regulation 123 list) which may in whole or in part be funded through the CIL. Items on the Regulation 123 list cannot be funded through S106 agreements however by providing clarity this will enable S106 obligations to be levied where necessary to meet Habitats Regulations (where required) and to make a development acceptable in planning terms.</li> </ol>
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> <li>1. The Local Plan Strategy (2015) and its associated infrastructure requirements as set out in the Infrastructure Delivery Plan are relevant to the Council’s ambitions regarding the economy, communities and places as identified in the Strategic Plan 2016-2020 for Lichfield District.</li> </ol>
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> <li>1. There are no Human Rights Issues.</li> </ol>



**Crime & Safety  
Issues**

1. There are no crime and safety issues.

	<b>Risk Description</b>	<b>How We Manage It</b>	<b>Severity of Risk (RYG)</b>
A	If we do not have a clear and up to date Regulation 123 list the need for S106 contributions could be challenged.	Ensure that an up to date Regulation 123 exists to ensure the divide between CIL and S106 is clear and therefore supports the sustainable development of the area.	Yellow
B	If we do not have a clear and up to date Regulation 123 list the divide between what is funded through CIL and S106 would be unclear and the authority may be at risk from double counting.	Ensure that an up to date Regulation 123 exists to ensure the divide between CIL and S106 is clear and therefore supports the sustainable development of the area.	Yellow
C	The Government are currently conducting a review of CIL as to whether it is meeting its objectives of providing a faster, fairer, more certain and transparent means of funding infrastructure through developer contributions.	As and when the Government make any changes to CIL, the Council may have to review its administration of the charge.	Yellow

**Background documents**

Community Infrastructure Levy Regulations 2010 <http://www.legislation.gov.uk/ukdsi/2010/9780111492390/contents>  
CIL Examination Report <https://lichfielddc.gov.uk/Council/Planning/The-local-plan-and-planning-policy/Planning-obligations/Downloads/Community-Infrastructure-Levy-CIL/Lichfield-CIL-final-examiners-report.pdf>

**Relevant web links**

<https://lichfielddc.gov.uk/Council/Planning/The-local-plan-and-planning-policy/Planning-obligations/Community-Infrastructure-Levy-CIL.aspx>



**Lichfield District Council**  
**Community Infrastructure Levy**  
**Regulation 123 List**

Effective from **Day/Month/2016**

## **What is the Community Infrastructure Levy?**

The Community Infrastructure Levy (CIL) is a charge on development, calculated on a £ per square metre (sq.m) basis of development. CIL is intended to be used to help fund infrastructure to support the development of an area rather than making an individual planning application acceptable in planning terms, which is the purpose of Section 106 Agreements. CIL does not fully replace Section 106 Agreements. For more information you can also:

- Visit the Council's CIL web pages: [www.lichfielddc.gov.uk/CIL](http://www.lichfielddc.gov.uk/CIL)
- Read the CIL Planning Policy Guidance (PPG): <http://planningguidance.communities.gov.uk/blog/guidance/community-infrastructure-levy/>
- Email: [CIL@lichfielddc.gov.uk](mailto:CIL@lichfielddc.gov.uk)
- Call Lichfield's Planning enquiry line: 01543 308174
- Visit the [Planning Portal](#).
- Lichfield District Council's Planning Obligations Supplementary Planning Document

## **What is this document?**

CIL income from new development can be spent on anything that constitutes "infrastructure" as defined by Regulation 216 of the 2008 Planning Act and the CIL Regulations 2010 (as amended). This includes but is not limited to: roads and other transport facilities, flood defences, schools and other educational facilities, medical facilities, sporting and recreational facilities, and open spaces. Regulation 123 of the CIL Regulations 2010 (as amended) sets out the need for local authorities to produce a list of "relevant infrastructure" which will be funded in whole or part by the CIL.

The Community Infrastructure Regulations 2010 (as amended) restricts the use of planning obligations secured through S106 agreements for infrastructure that will be funded in whole or in part by the Community Infrastructure Levy. This is to ensure there is no duplication between CIL and planning obligations in funding the same infrastructure projects. In addition, a development should not have to contribute twice towards the same piece of highways infrastructure through works carried out under Section 278 of the Highways Act 1980, and monies or land provided through CIL. The CIL Regulations 2010 (as amended) prescribe that a condition must not be imposed on the grant of planning permission to require a highway agreement for the funding or provision of infrastructure that is included on the Regulation 123 list, nor must a planning condition be used that prevents or restricts the carrying out of development (sometimes referred to as a 'Grampian condition') until a highway agreement has been entered into which is also included on the Regulation 123 list of infrastructure.

The relationship between CIL and planning obligations is explained in the Planning Practice Guidance<sup>1</sup> where it notes that it is possible that site specific mitigation may still be necessary subject to certain limits, namely:

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<sup>1</sup> Paragraphs 93 to 107; Reference ID:25-093-20140612 to Reference ID: 25-107-20140612

- The application of the statutory test with respect to planning obligations (Regulation 122);
- Ensuring no overlap between CIL and planning obligations as noted above; and
- Imposing a limit on pooled contributions from planning obligations towards infrastructure that may be funded by the levy.

The list below sets out those infrastructure projects that Lichfield District Council currently intends may be wholly or partly funded by CIL, together with clarification notes and S106 requirements. The order in the table does not imply any order of preference for spend, it just signifies projects that will be considered by the council in its decision as to what might receive CIL funding. This list will be updated on a regular basis, taking into account the Council's Infrastructure Delivery Plan (IDP) and any changes to the CIL regulations.

Transport	
Infrastructure to be funded in whole or in part by CIL	Notes
<p>Completion of the Lichfield Southern Bypass via provision of new underbridge section.</p>	<ul style="list-style-type: none"> <li>• Section from east of new bridge structure to London Road to be delivered by developer as part of site access road layout.</li> <li>• New underbridge section will be funded by existing s106 and possible Local Growth Fund.</li> <li>• Section to west of new bridge <b>to be delivered by gift of on land from currently owned by</b> developers.</li> </ul>
<p>Improvements to the Strategic Highway Network as identified by the Highways Agency at:</p> <ul style="list-style-type: none"> <li>• Muckley Corner</li> <li>• Swinfen</li> <li>• Further junction improvements and safer access to A38 (Hillards Cross and Fradley South)</li> </ul>	<p>CIL funds may be used to form part of package for Local Enterprise Partnership (LEP) bids.</p>
<p>Transport improvement scheme from the integrated Transport Strategy for Lichfield:</p> <p>Lichfield City Centre Transport Package including:</p> <ul style="list-style-type: none"> <li>• Bus network improvements</li> <li>• Cycle and walking routes within the City</li> <li>• Electric Charging Points</li> <li>• Delivery of local traffic routing scheme</li> <li>• Designated Coach Parking area</li> <li>• Real Time Passenger Information, including signage to car parks</li> </ul> <p>East Lichfield Local Transport Package (including Fradley) including:</p>	

- HGV routing and parking arrangements in Fradley

Burntwood Transport Package including:

- Cannock Road – public realm enhancements and access modifications
- Improved walking and cycling links from southern to northern Burntwood
- Bus access and service improvements linking to Cannock and Lichfield
- Burntwood Bus interchange

District wide measures including

- A5 (T) and A38 (T)
- Route signage Lichfield to Tamworth

<b>Education</b>	
<b>Infrastructure to be funded in whole or in part by CIL</b>	<b>Notes</b>
<p><b>Primary Education</b></p> <p>Primary School provision to deliver the Local Plan Strategy will be generated through S106 agreements apart from the following projects that may benefit from CIL funds:</p> <ul style="list-style-type: none"> <li>• A 105 place expansion of Hob Hill Primary School, Rugeley to increase the school from 210 to 315 places</li> <li>• A 77 place expansion of All Saint's Alrewas Primary School to increase the school from 238 places to 315 places</li> </ul>	<p>S106 agreements will be required to secure the provision of primary education facilities to mitigate the need generated by site specific developments, and growth within the Strategic Development Allocations (SDAs) identified in the Lichfield District Local Plan as:</p> <ul style="list-style-type: none"> <li>• South of Lichfield</li> <li>• Deans Slade Farm</li> <li>• Cricket Lane</li> <li>• East of Lichfield (Streethay)</li> <li>• Fradley</li> <li>• East of Burntwood Bypass</li> <li>• East of Rugeley</li> <li>• North of Tamworth (BDL)</li> </ul>
<p><b>Secondary Education</b></p> <p>Delivery of Five Forms of Entry of additional secondary education facilities through:</p> <ul style="list-style-type: none"> <li>• Expansion to Nether Stowe School</li> <li>• Expansion to The Friary School</li> <li>• Expansion to King Edward VI School</li> </ul>	<p>S106 agreements will be required to secure the provision of secondary education facilities (other than those to be funded through CIL) to mitigate the need generated by site specific developments.</p>

## Open Spaces, Sporting and Recreational Facilities

### Infrastructure to be funded in whole or in part by CIL

### Notes

#### Open Space

Improvements to open space provision, including play provision for key sites, in line with the Open Space Assessment.

S106 agreements will be required to secure the on-site provision and maintenance of recreation and open space needs generated by growth within the Strategic Development Allocations (SDAs) and the North of Tamworth Broad Development Location identified in the Lichfield District Local Plan as:

- South of Lichfield
- Deans Slade Farm
- Cricket Lane
- East of Lichfield (Streethay)
- Fradley
- East of Burntwood Bypass
- East of Rugeley
- North of Tamworth Broad Development Location

#### Indoor Sports

CIL funds may be spent on improving indoor sports provision to serve Lichfield City and its hinterland as set out in the Swimming Pool and Sports Hall Feasibility Study 2013.

No specific elements for indoor sports provision have been identified for new S106 funding.



**Playing Pitches**

CIL funds may be spent on improving playing pitch provision in line with the deficiencies identified in the Playing Pitch, Tennis and Bowls Strategy.

S106 agreements will be required to secure the on-site provision and maintenance of playing pitch provision for the following SDAs and the North of Tamworth Broad Development Location identified in the Lichfield District Local Plan as:

- South of Lichfield
- Deans Slade Farm
- Cricket Lane
- East of Lichfield (Streethay)
- Fradley
- East of Burntwood Bypass
- East of Rugeley
- North of Tamworth Broad Development Location

## Environment and Biodiversity

### Infrastructure to be funded in whole or in part by CIL

### Notes

#### Environment and Biodiversity

CIL funds may be spent on improving the public realm, landscapes and habitats; and improving access to green space, to include:

- Chasewater Country Park improvements.
- Central Rivers Initiative projects.
- ~~Heathland management programme.~~
- Improvements to the canal network to improve Green Infrastructure Links.
- Local Nature Reserves.
- Woodland and hedgerow projects.

*Except on sites identified as biodiversity offsetting recipient sites.*

Infrastructure works relating to the restoration of the Lichfield and Hatherton Canal will potentially benefit from CIL funds, *apart from works required in relation to any on-site provision by the developers connected to the three SDAs in the vicinity of the canal: South of Lichfield, Deans Slade Farm, Cricket Lane.*

*S106 agreements will be required to fund biodiversity offsetting measures where appropriate and as outlined in Local Plan Strategy 2008-2029 Policy NR3 and expanded upon within the Biodiversity and Development SPD.*

Section 106 agreements will be required **where appropriate** to secure infrastructure works relating to the restoration of the Lichfield and Hatherton Canal for the three SDAs in the vicinity of the canal: South of Lichfield, Deans Slade Farm, Cricket Lane.

<p><b>Cannock Chase Special Area of Conservation</b></p> <p>CIL funds may be spent on measures for preventing harm to the Cannock Chase Special Area of Conservation (CCSAC) agreed by the Cannock Chase SAC partnership <i>i.e. the Strategic Access Management and Monitoring Measures (SAMMM) apart from works required in relation to interpretation panels and waymarking as identified in the SAMMM.</i></p>	<p>S106 agreements will be required for the Strategic Development Allocations (SDAs) to secure the provision of <i>bespoke</i> mitigation measures in relation to the Cannock Chase Special Area of Conservation <i>other than the mitigation contained within the SAMMM.</i></p> <p><i>To satisfy Habitats Regulations and prevent harm to the Cannock Chase SAC, contributions via S106 agreements/unilateral undertakings will be required towards works required in relation to interpretation panels and waymarking as identified in the SAMMM by all new net dwellings which are not liable to, or exempt from CIL charges within the 0-8km Zone of Influence.</i></p>
<p><del><b>River Mease Special Area of Conservation</b></del></p> <p><del>CIL funds may be spent on measures for mitigating the impact of development upon the River Mease Special Area of Conservation (RMSAC) measures.</del></p>	

<b>Other Infrastructure</b>	
<b>Infrastructure to be funded in whole or in part by CIL</b>	<b>Notes</b>
<p><b>Flood Mitigation</b> General measures may benefit from CIL funds.</p>	Site specific SUDS will be secured through planning conditions or S106 agreements.
<p><b>Health facilities</b> CIL funds may be used where evidence is provided that there is no local capacity and expansion of services is required to support growth across the district.</p>	S106 agreements will be required for the Strategic Development Allocations (SDAs) to secure the provision of health care as identified in the Local Plan Strategy concept statements.
<p><b>Social and community facilities</b> will benefit from the local slice of CIL funds (15-25%) raised within their area. These funds can be distributed by Parish Councils and any neighbourhood planning forums that emerge, in line with evidence of local need.</p>	S106 agreements will be required for the Strategic Development Allocations (SDAs) to secure the provision of community centres/hubs as identified in the Local Plan concept statements.
<p><b>Low Carbon Initiatives / Carbon Investment Fund</b> CIL funds may be used to support the delivery of Local Plan policy SC1 which states: The District Council is developing a Carbon Community Fund (CCF) which will support the achievement of carbon targets through financial contributions.</p>	

# FRIARSGATE- Governance

Deputy Leader and Cabinet Member for Economic Growth, Environment & Development

Date: 4<sup>th</sup> October

Agenda Item: 5

Contact Officer: Sarah Woffenden

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Key Decision? NO

Local Ward Members Councillors Greatorex, O'Hagan and Smedley.



## CABINET REPORT

### 1. Executive Summary

- 1.1 The purpose of the report is to request Cabinet approval to the Governance proposal for the Friarsgate Development project.

### 2. Recommendations

- 2.1 That the Governance proposals as set out in the documents attached to this report at Appendix A be approved.

### 3. Background

- 3.1 The Friarsgate scheme comprises the redevelopment of a 3.1 hectare site on the fringe of Lichfield's city centre. Friarsgate is a major mixed-use retail and leisure led regeneration scheme.
- 3.2 In order to achieve the project's aims, objectives and defined outputs it is considered that effective and appropriate project management and governance processes are required to be implemented.
- 3.3 A governance protocol and reporting structure has been designed and submitted for cabinet approval in this report.
- 3.4 The governance structure is set out in the form of three key review and reporting layers.
  - 3.4.1 **The Leading Members Briefing.** Reports are taken to the leading members, to consider matters by exception. The leading members group are supported by the Overview & Scrutiny committee and specific Task and Finish (T&F) Groups such as T&F group to review and facilitate the consultation of Castle Dyke /Frog Lane proposed Public Realm works. Key decision making will be taken to cabinet.
  - 3.4.2 **The Project Board** comprises of Leadership Team and the Project Director. The accountable lead for Friarsgate development is the Director of Place and Community. The project board review, will be an agenda item, monthly at the Leadership team meeting. With a project board held quarterly, for a detailed Friarsgate project review and progress update.

3.4.3 The third layer is the monthly **Steering Group** meeting. The meeting comprises a core group of attendees, who are then supplemented by specialists, depending on agenda matters under discussion. Whether this is Planning focused, a focus on technical matters or funding and finance etc. Attendees may comprise LDC Director of Place and Community, Project director, Developer and team, as required, LDC work- stream leads, end client representatives and subject matter experts.

3.5 The Governance structure illustrates that the Friarsgate project management team, are working in collaboration with the 'project function work- streams' and end user groups. These comprise, but are not limited to, the following work streams and elements:-

- Planning
- LDC Service provision
- Press and communications
- Finance and budgets
- Highway and Utilities.
- Car parking
- Street Scene and Shopmobility
- Health and safety
- Risk Management & audit
- CCTV
- Housing

3.6 The work- streams identified are supported, as required, by subject experts (SEs) from within LDC, other Government bodies or resourced externally, covering elements such as legal advice, financial appraisals etc

3.7 The Governance proposal describes the key responsibilities of the Cabinet, the Project Board and Steering Group together with the frequency of meetings.

3.8 The Governance proposal describes the 'function work-streams' and end user groups and indicatively, the proposed function leaders. It is noted that these roles may change through the lifetime of the project or change, reflecting other business commitments, for the individuals.

3.9 The named roles are a representation of the type of skills and groups required. The scope of each work-stream and meeting, liaison form and frequency are described.

### 3.10 **Resource Management;**

3.10.1 Regarding Individual resource availability & business as usual commitments, resource management would need to be addressed by LDC, to allow the work-stream groups to undertake the required input & liaison.

### 3.11 **Definition of the Work –stream End user groups;**

3.11.1 The work stream, end user groups act as quality assurance/ sponsoring group, providing support in development of scope/ specifications to meet user group requirements. The user group expertise is supplemented by technical & professional input, as required ,by Subject Experts (SE's) e.g. legal, Retail agents, cost management , development monitoring etc.

3.11.2 If the user groups have a significant requirement, that is a change from the baseline development brief & budgets, their requirements would be captured in a change notice, supported by relevant detail of cost, programme risk & associated business case (provided by the requestor).This would then be evaluated & considered for sign off by the Project Board.

### 3.12 Responsibility for Decisions;

- Financial decisions/ release of funds & payments are escalated for authorisation in line with LDC delegation of financial responsibilities to the LDC Director, S151 Officer, the leadership team or Cabinet level as appropriate to value.
- Matters for the Director of Place & Community (the accountable lead ) include:-
  1. Key design & specification sign off & approvals
  2. Change Notice sign off (escalated to the LDC Director relevant to the subject matter, leadership team or Cabinet level, in line with financial delegations or if contentious or of political impact)

3.12.1 The leadership groups (Project Board, Leading Members Group, Cabinet) are supported & informed by LDC Friarsgate Project Director, Project management team & the ‘work- stream’ groups, to facilitate informed decision making & approvals

### 3.13 The benefits of the Governance structure are:-

- Open and transparent reporting
- Defined decision making protocol
- Defined accountabilities
- A structure that allows for stakeholder and technical input in consideration of key matters
- An auditable process
- An opportunity for review consultation & ‘critical friend’ challenge to key aspects of the project scope & decision making.
- Effective and appropriate reporting.
- Definition of roles & responsibilities

<b>Alternative Options</b>	<ol style="list-style-type: none"> <li>1. The development of the Governance process has been an iterative process to present that which is considered to be the optimum approach. Any alternatives would be to put further layers of reporting &amp; meeting more frequently. It was considered that this would not be efficient in time or efficiency and would inhibit progress of project delivery, without adding the benefit of further rigour to the process.</li> <li>2. A reduced format or no formal Governance protocol would not be acceptable in terms of the audit standards set by Lichfield District Council, funding bodies and public accountability.</li> </ol>
<b>Consultation</b>	<ol style="list-style-type: none"> <li>1. Consultation has been undertaken with LDC Friarsgate project stakeholders within LDC &amp; through LDC leadership team.</li> </ol>
<b>Financial Implications</b>	<ol style="list-style-type: none"> <li>1. The Governance presents a defined scope of activities to support the financial governance, supporting delivery of the project. Facilitated by assessment of financial matters, budget review &amp; monitoring, financial management, facilitation of payments &amp; funding management, within a transparent &amp; auditable process.</li> <li>2. The Governance defines inputs required &amp; indicative frequency of meetings</li> </ol>
<b>Contribution to the Delivery of the Strategic Plan</b>	<ol style="list-style-type: none"> <li>1. A key target for the Council is the successful implementation of the Friarsgate scheme and the associated economic / other benefits.</li> </ol>

	The Governance process will provide rigour in delivering the project.
Equality, Diversity and Human Rights Implications	1. The proposal does not diminish any rights under the Human Rights Act 1998
Crime & Safety Issues	1. No impact identified.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Resources nominated to support the Governance process not having sufficient time to undertake their business as usual activities (BAU) and additionally contribute, as defined in the Governance process presented.	LDC to undertake a resource availability review and facilitate provision of additional resource to meet the commitments of BAU & Friarsgate Governance.	AMBER
B			
C			
D			
E			

Background documents Appendix A. Friarsgate Development Governance Document.

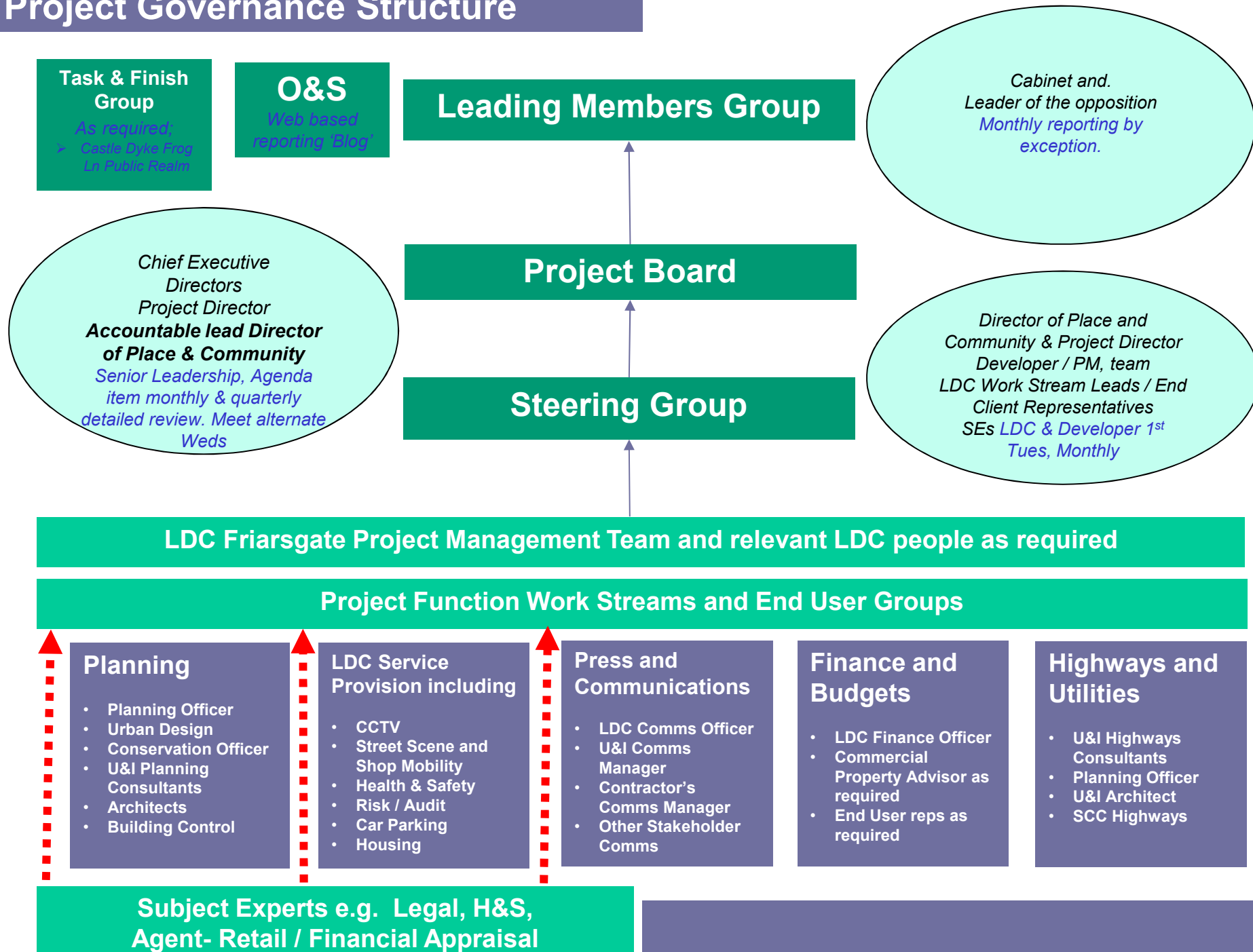
Relevant web links None





**Friarsgate  
Development  
Governance**

# Project Governance Structure



# Leading Members Group

*Meeting monthly, receiving reporting by exception.*

## **Leading Members Group Responsibilities**

- Receives reporting by exception on key matters for decision and approval in line with LDC Governance
- The leading and political body on the project
- Provide political leadership and direction
- Responsible for ensuring the project objectives and deliverables are in accordance with the aims, objectives and values of the Council
- Responsible for ensuring a satisfactory project governance and management structure is in place
- Champion the project in the community
- Provide strategic leadership throughout the life of the project
- Approves strategic communications

# Friarsgate Project Board

*Leadership meeting.*

*Monthly - reviewed as an agenda item.*

*Quarterly extends to detailed review by Project Board.*

*Meet alternate Wednesdays.*

## **Project Board Responsibilities**

- Accountable lead- Director of Place & Community
- Briefing to Leading Members Group
- Responsible for escalating issues that require a Cabinet decision / input
- Exercise overall project control on behalf of the Council
- Accountable for success of the project
- Provide unified guidance and direction and ensure effective decision making
- Commit the necessary resources and finances to the project
- Ensure effective communication and engagement between internal departments
- Support the Project Director and Project Team and stakeholders
- Review each stage of the project
- Approve any plans and specification changes escalated by Steering Group
- Approval of escalation to leading members group of any budgetary changes
- Project Assurance
- Facilitates Communications to other stakeholders
- Approval of completion of work packages and stages
- Key decision Making – financial decisions supported by S.151 financial officer in line with LDC Financial Delegation Authority
- Receive reports which provide progress against the Project Plan and Project Risks
- Approve actions as required, consider and escalate issues of a major nature to leading members group, with recommendation on action required

*LDC and Developer progress and liaison meeting, 1st Tues, Monthly.*

## **Steering Group Responsibilities**

- Monitor and manage the Project Plan that has Milestones and shows progress achieved and changes
- Identify, consider, plan for and resolve operational issues and impacts
- Identify and manage the risks, putting mitigations in place for both construction and operational issues
- Account to and obtain sign offs / approvals from the Project Board for any changes to specification, budgetary changes, slippages and mitigations to the programme and resolution of any operational issues
- Keep key people updated and appraised (key people identified by Steering Group members)
- Using and providing:
  - Exception Reports
  - Project Control Procedures
  - Project Plan
  - Risk Register
  - Quality Register
  - Communications Plan
  - End Project Report
- Progress and key matters liaison with Developer
- Direction and decision making, to delegated levels.

## Function Workstreams & End User Groups

Finance & Budgets	Press & Communication
<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Review and monitor Developers appraisals</li> <li>• Financial modelling of car park and bus station</li> <li>• Leasing and Income assessments</li> <li>• Expenditure of physical works</li> <li>• Expenditure of Councils associated costs such as consultant's fees</li> <li>• Contributing to change management process</li> <li>• Contributing to risk management process</li> <li>• Financial monitoring and assistance with LEP funding streams</li> <li>• Facilitate payments to Developer.</li> <li>• Facilitate investment and cash flow draw down / payments to Developer in line with progression of works.</li> </ul>	<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Development and management of Communication Plan</li> <li>• Development and management of Stakeholder Engagement Plan</li> <li>• Liaison with key stakeholders on strategic communications pieces of work</li> <li>• Assisting the project team with identification and preparation of good news and celebratory communications pieces of work.</li> <li>• Assisting the project team with preparation of project information for public and stakeholder awareness.</li> <li>• Contribute to risk management process</li> </ul>
<p><b>HOS: Head of Finance &amp; Procurement</b>  <b>Lead: Finance Officer</b></p>	<p><b>HOS: Head of Corporate Services</b>  <b>Lead: Communications &amp; Media/ Public Relations Officer</b></p>
<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• As and when input, advice and assistance is required.</li> <li>• The interface between Project Director and Finance lead is regular, fluid and flexible to meet demand.</li> <li>• Informal liaison session just prior to Steering Group meeting for round up of key activities</li> <li>• Point of liaison for monthly valuation reviews by Cost consultant</li> </ul>	<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• As and when required to meet demand</li> <li>• Regularly to develop and implement communications plan</li> <li>• The interface between Project Director and Finance lead is regular, fluid and flexible to meet demand.</li> <li>• Informal liaison session just prior to Steering Group for any key issues.</li> </ul>

# Function Work Streams & End User Groups

Planning	Highways & Utilities
<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Pre-Application discussions and guidance</li> <li>• Specific planning and design quality Stakeholders such as Historic England, Civic Society - <i>Completed</i></li> <li>• Assist with helping to control design development</li> <li>• Provide clarity to assist with coordination of design consultants</li> <li>• Contribute to Change Management process</li> <li>• Contribute to Risk Management process</li> <li>• Planning Condition discharge</li> <li>• Facilitating Planning Application for associated projects e.g. Coach Park</li> </ul>	<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Scoping of highway infrastructure</li> <li>• Advice and guidance on County and Statutory policy</li> <li>• Programming, Phasing, Cost Planning of works</li> <li>• Coordination of required statutory highway notices / permits etc.</li> <li>• Liaison with utilities and coordination of works</li> <li>• Assistance with LEP funding streams</li> <li>• Contribute to Change Management process</li> <li>• Contribute to Risk Management process</li> <li>• Facilitating Highway design (design procured by Developer)</li> <li>• Highway works monitoring / inspection.</li> </ul>
<p><b>HOS: Head of Development Services</b>  <b>Lead: Planning &amp; Development Control Officer</b></p>	<p><b>HOS: TBC</b>  <b>Lead: TBC</b></p>
<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Update provided to Project Manager in advance of Steering Group Meeting</li> </ul>	<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Update provided to Project Manager in advance of Steering Group Meeting</li> </ul>



## Function Work Streams & End User Groups

Car Parking	Street Scene & Shop Mobility
<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Set out Council's Car parking strategy</li> <li>• Provide advice and guidance on the developments car parking proposals</li> <li>• Assist with the car park material and operational specification</li> <li>• Assist with managing Key Stakeholders</li> <li>• Assist with helping to control design development</li> <li>• Provide clarity to assist with coordination of design consultant's</li> <li>• Contribute to Risk Management process</li> </ul>	<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Provide advice and guidance on LDC's strategic and operational requirements for Street Scene including Shop Mobility</li> <li>• Offer feedback and comment on development proposals to ensure compliance with best practice</li> <li>• Assist with managing key stakeholders</li> <li>• Contribute to Risk Management process</li> </ul>
<p><b>HOS: Head of Economic Growth</b>  <b>Lead: Spatial Policy &amp; Delivery Technical Officer</b></p>	<p><b>HOS: Head of Leisure &amp; Operational Services</b>  <b>Lead: TBC</b></p>
<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Update provided to Project Manager in advance of Steering Group Meeting</li> </ul>	<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Informal monthly reviews</li> <li>• Update provided to Project Manager in advance of Steering Group Meeting</li> </ul>



## Function Work Streams & End User Groups

Health & Safety	Risk Management & Audit
<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Provide assistance and support with health and safety policy and guidance on practical safe operations</li> <li>• Offer advice where practicable on best practice solutions</li> <li>• Contribute to Change Management process where required</li> <li>• Contribute to Risk Management process</li> </ul>	<p><b>Scope</b></p> <ul style="list-style-type: none"> <li>• Provide assistance and guidance to the Project Management team in terms of LDC's corporate risk process.</li> <li>• Assist where required with utilisation of Covalent (LDC's risk tool)</li> <li>• Contribute to Risk Management process</li> <li>• Assist the project team with adherence to LDC's Risk Management Process.</li> </ul>
<p><b>HOS: Head of Corporate Services</b> <b>Lead: Health &amp; Safety Manager</b></p>	<p><b>HOS: Head of Finance &amp; Procurement</b> <b>Lead: Audit Manager</b></p>
<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Update provided to Project Manager in advance of Steering Group Meeting</li> </ul>	<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Quarterly meetings for review and catch up</li> <li>• Specific interim sessions maybe necessary in the early stages</li> </ul>
CCTV	
<p><b>Scope:</b></p> <ul style="list-style-type: none"> <li>• Provide advice and guidance on LDC's strategic and operational requirements for CCTV</li> <li>• Offer feedback and comment on development proposals to ensure compliance with best practice</li> <li>• Assist with managing key stakeholders</li> <li>• Contribute to Risk Management process</li> </ul>	
<p><b>HOS: Head of Economic Growth</b> <b>Lead: Head of Economic Development</b></p>	
<p><b>Meeting Frequency:</b></p> <ul style="list-style-type: none"> <li>• Informal monthly reviews</li> <li>• Update provided to Project Manager in advance of Steering Group Meeting</li> </ul>	

# FRIARSGATE-GBS LEP FUNDING

Deputy Leader and Cabinet Member for Economic Growth, Development & Environment

Date: 4<sup>th</sup> October

Agenda Item: 6

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## CABINET REPORT

Key Decision? Yes

Local Ward Members Councillors Greatorex, O'Hagan and Smedley.

## 1. Executive Summary

The purpose of the report is to request Cabinet approval to accept the offer of grant funding of £2.4 million, towards the Friarsgate scheme from Greater Birmingham and Solihull Local Enterprise Partnership (GBS LEP) together with approval of the legal documentation, to allow the council to receive the funding. The cabinet is requested to provide delegated approval for the Cabinet Member for Economic Growth, Environment and Development and the Director for Place and Community to sign the agreement on behalf of Lichfield District Council.

## 2. Recommendations

- 2.1 To accept the offer of grant funding and agree the grant agreement between Birmingham City Council and Lichfield District Council (LDC) and authorise the Cabinet Member for Economic Growth, Environment and Development and the Director for Place and Community to sign the agreement on behalf of Lichfield District Council

## 3. Background

- 3.1 LDC made an application for funding from Greater Birmingham and Solihull Local Enterprise Partnership (GBS LEP). The application was in relation to the Friarsgate development as a key regeneration project, with request for funding on the basis of benefits offered, which are summarised as follows:-
  - Improved environment.
  - Improved infrastructure.
  - Boost to the economy; supporting new businesses, increased employment and economic benefits to the City as a whole.
- 3.2 Further to a substantial iterative process, developing the funding application with GBS LEP, through to final business case approval, a funding offer in the sum of £2.4m was made to LDC. The Local Growth fund grant agreement relating to Friarsgate Lichfield was issued by Birmingham City Council.
  - 3.2.1 The funding agreement has been subsequently rigorously reviewed by LDC's appointed Solicitors Pinsent Mason LLP.

### 3.2.2 Key aspects are summarised as follows:-

#### **Basis of the Legal funding agreement**

- The Grant can only be used for the delivery of the project(s)
- The funder's liability under the funding agreement is limited to the payment of the Grant.
- The stated 'outcomes' (benefits realisation) are realised on delivery of the Friarsgate development.
- The Grant to deliver the project (project work-streams) must be expended in line with the budget schedule annexed to the agreement.
- The Grant is to be paid to the Council in accordance with terms of the agreement and 'conditions precedent'.
- LDC must acknowledge the Grant and the Funder (as the source of the Grant) in its annual reports and accounts.
- LDC must not publish any material referring to GBS LEP's involvement in the project without the funder's prior written approval.
- LDC must acknowledge the support of the funder in any publicly available material.
- GBS LEP can require suspension and repayment of part or all of the grant, in summary, due to the following circumstances;
  - Use of funding by LDC for purposes for which it has not been awarded
  - Commencement has not occurred within the key date agreed, plus 12 month period
  - LDC not having made satisfactory progress, subject to reasonable assessment & appropriate notifications to remedy.
  - LDC acting negligently, disreputably, or breaching anti – corruption & anti- bribery legislation, or becoming insolvent.
  - Provision of materially misleading or inaccurate information.
  - Obtaining duplicate funding from a third party (for the same work elements). Other funding streams are acknowledged.
- LDC may terminate the agreement by giving 3 months written notice.

#### **Obligations on the Council**

- LDC to provide evidence of match funding in the sum of £610,000 this will comprise LDC £500k contribution to proposed Public Realm improvement works at Castle Dyke / Frog Lane & Lichfield Station and £110k as part of the Friarsgate Public Realm works, internal area, as funded through the developer as part of the overall development.
- LDC have made budget provision for this expenditure on Frog Lane / Castle Dyke public realm works.
- Adherence to LDC Equal opportunities & Diversity Policy
- LDC can only expend the funding from commencement of Grant Agreement to the Grant agreement expiry date currently 31<sup>st</sup> December 2019 (the '**Grant period**'). After expiry of the Grant period the remaining funds must be returned to the funder. Whereas this sits within current programme it is proposed to extend this date within the agreement, to allow programme contingency.
- The Grant should be shown as a restricted fund in the Council's accounts. For which separate, accurate & up to date accounts are kept, with records of receipt and expenditure.
- Within 3 months of the Grant Agreement date & every quarter thereafter, LDC must provide to the funder a financial evaluation report & monitoring reporting in respect of its use of the Grant & any third party funding used to deliver the project(s)

- With the first quarterly report a risk register & insurance review must be provided to the funder.
- At the expiry of the Grant period LDC must provide a final report to confirm whether the Project has been successfully & properly executed.
- LDC Warrants to the funder;
  - Compliance with relevant legislation
  - That procedures are in place for dealing with conflicts of interest.
  - That systems are in place to deal with prevention of fraud and/or administrative malfunction.
  - LDC have the necessary resources & expertise to deliver the project or appoint a private sector partner.

#### Assignment & Insurances;

- LDC cannot assign the benefit or burden of the funding agreement, without written consent
- Standard insurances are prescribed in the agreement, the obligation to provide the insurances should be passed on to the Developer & contractor.
- The agreement references intellectual property rights, data protection obligations and the clause for dealing with dispute resolution.

3.3 Concurrently LDC made a funding application to Stoke on Trent and Staffordshire Local Enterprise partnership which has been successful. The two LEP Authorities have considered the LDC Friarsgate funding with a collaborative approach.

3.4 The Current funding allocation of £2.66 million from SSLEP and £2.4 million from GBSLEP £5,060,000 in total.

3.5 The LEP Authorities are cognisant of the planned benefit outcomes of the Friarsgate Development as a whole. The BGS LEP's funding contribution to the works, associated with Friarsgate, provides for sharing the benefit outcomes proportionally.

These are summarised as follows:-

- Additional 17,200 sq.m retail, food and drink, and leisure space in Lichfield City Centre
- Home to 320 new residents – household expenditure injection into Lichfield economy estimated approx. £0.7m per annum

#### **Jobs**

- Construction - significant number of temporary jobs over duration of build – up to 430 per year
- Retail / Leisure – up to 1,000 (660 FTE jobs) jobs once scheme is completed

#### **GVA**

- Construction – estimated at £18m
- Retail and Leisure: estimated at £20.5m annually
- Cumulative GVA estimated at £156m

#### **Transport, Access and Environment**

New bus station

The project benefit & aims are summarised as follows:-

- Growing the number of successful businesses
- Building sector strengths and opportunities
- Stimulating innovation in products, services and businesses
- Improving our skills talent pool

- Improving physical and digital connectivity
- Optimising physical, cultural and environmental assets

3.6 Accepting the GBS LEP funding offer, will benefit Lichfield and the Friarsgate development overall. GBS LEP funding provides for substantial investment into Public realm, hard and soft landscaping works. The works are, both integral to Friarsgate scheme and to fund the associated project to improve Public realm to Castle Dyke & Frog Lane. GBS LEP funding will also provide for the off- site coach park development, which is on the critical programme path, to allow the existing bus station to be closed and redeveloped in the Friarsgate scheme.

Alternative Options	<ol style="list-style-type: none"> <li>1. The alternative option would be to not accept the funding, this would present a shortfall in the funding required to develop the coach park, which is a critical path programme item for delivery of the Friarsgate scheme. Together with not proceeding with the complimentary Public Realm elements of work, which are integral to delivering, the high quality aesthetic &amp; encompassing scheme, providing connectivity across Lichfield, to which LDC aspire.</li> </ol>
Consultation	<ol style="list-style-type: none"> <li>1. Consultation has been undertaken extensively with GBS &amp; SS LEPs, with Lichfield Campus joint management committee. Also with Staffordshire County Council re Highway matters. The proposals are subject to Planning approvals and associated consultation requirements. A Task &amp; Finish group is being established to facilitate consultation for Castle Dyke/Frog Lane, Public Realm works.</li> </ol>
Financial Implications	<ol style="list-style-type: none"> <li>1. Reference Appendix A Schedule of LEP funding and Appendix B High level cash flow.</li> <li>2. Appendix A is the schedule, as agreed in principal, between the LEP funding parties, as to which elements of works will be delivered by the respective funding parties. The schedule references an indicative shortfall figure in the sum of £425k. This is currently addressed by LDC £500k match funding, which is available from previous S106 payments, which are allocated to contribute towards potential Station Public Realm improvements and Castle Dyke Frog Lane Public Realm improvement works.</li> </ol>
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> <li>1. A key target for the Council is the implementation of the Friarsgate scheme and the associated economic / other benefits. The off- site coach park development and Public Realm works, to which the GBS funding relates are integral &amp; aligned to the Friarsgate Development. Provision of the improved coach park facility will build on the value &amp; growth of coach tourism in Lichfield. The proposed Public Realm works contribute to connectivity across the City &amp; the improved environment, which will contribute to the overall success of the development.</li> </ol>
Equality, Diversity and Human Rights Implications	<ol style="list-style-type: none"> <li>1. The proposal does not diminish any rights under the Human Rights Act 1998</li> </ol>

Crime & Safety  
Issues

1. No impact identified. The overall design of the proposed works will have Health safety & security as part of the key objectives in defining the scope of the scheme

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The Friarsgate development does not go ahead or is substantially delayed and the benefits realisation that support the grant funding offer cannot be realised in full. Potential implication within the agreement to repay monies that is a risk not transferable to the Developer other than through recourse through the DA / construction contract	The developer has a strategy to prioritise on securing tenancies that will underpin the 'value' of Friarsgate project, in preparation for the Developer's approach to the Commercial funding market. The timing of approach to the funding market will be carefully reviewed & assessed for best outcomes. LDC will carefully monitor progress, market condition & facilitate regular progress reporting in line with Governance protocols. Alternative development funding options will be researched & reviewed.	AMBER
B	Commitment is made in the agreement, to a commencement date and long stop commencement date, of agreed date plus 12 months. This would equate to contract instruction to <b>commence</b> on the coach park or public realm works say between July 2017 to July 2018	This is considered low risk as long as LDC commit to the delivery of the project(s), this is a 'safe' delivery programme. The agreement allows works to be commenced sooner	GREEN
C	Not complying fully with the requirements set out in the agreement, becoming in breach & funding withdrawn	This is considered low risk as the mechanisms for monitoring & reporting are reasonable, rigorous & transparent to both parties.	GREEN
D	LDC committing to delivery of the key work streams e.g coach park & the Development does not go ahead	The off -site coach park stands alone as a project, with value to Lichfield. The Public realm schemes are more intrinsic to the Friarsgate scheme progressing as a whole. The mitigation is as detailed in risk A above	AMBER
E			

Background document. 1. Appendix A Schedule of LEP funding. 2. Appendix B High level cash flow

## Appendix A

### Infrastructure Works required to be funded via LEP funding

<u>Infrastructure Required</u>	<u>Description</u>	<u>Forecasted Cost</u>	<u>Funded By</u>
New bus interchange	A proposed new bus interchange to replace the existing aged bus station. This facility will be modern, safe, well-lit and provide an attractive environment for bus companies and customers alike	£715,000	SSLEP
Introduction of SCOOT	The SCOOT system will link the traffic light controlled junctions throughout the Birmingham Road artery to allow for free-flow of traffic movements resulting in fewer tailbacks at peak times	Included within the total road infrastructure cost of £1.76m	SSLEP
Provision of new turning lane	A new right hand turning lane to be provided on Birmingham Road to allow ease of access into the new car park	Included within the total road infrastructure cost of £1.76m	SSLEP
New pedestrian crossing	A new pedestrian crossing is to be introduced at the St John Street/Birmingham Road junction to allow for improved pedestrian flows into and around the site.	Included within the total road infrastructure cost of £1.76m	SSLEP
Cycle routes and cycle parking	As part of the scheme the existing cycle route adjacent to the site will be upgraded and enhanced and provision for at least 85 secure cycle parking spaces for the scheme will be included as part of the main scheme, plus additional spaces off-site.	Included within the total road infrastructure cost of £1.76m	SSLEP
<b>TOTAL SSLEP FUNDED ELEMENTS</b>		<b>Approx. 2.475 million</b>	

Public realm works – part of Friarsgate internal area	New public realm will be created within the Friarsgate scheme. Proposals for this include new tree and shrub planting, new seating and a new area of public open space located adjacent to the cinema and restaurants.	£2.01 million	GBSLEP
Offsite coach parking	Currently the main coach parking for the city is located within the existing bus station. In order to ensure the free-flow of vehicles within the new bus station, coach parking will be provided elsewhere in the city. A site has been identified utilising part of an existing surface car park and negotiations with the landowner are positive in this respect.	A budget of £500,000 has been allocated for these works	GBSLEP
Public Realm works – external to Friarsgate (Castle Dyke, Frog Lane & Railway Station forecourt)	As part of the development of Friarsgate it is proposed to include street scene improvements in the immediate surrounding area. This includes environmental enhancements to Castle Dyke and Frog Lane and enhancement to the railway station forecourt to ensure a positive approach to the scheme and to the city centre as a whole.	(Castle Dyke & Frog Lane improvements already have Council capital funding in place of £500k) – Total cost anticipated up to £1 million (specification to determine this)	GBSLEP
<b>TOTAL GBSLEP FUNDED ELEMENTS</b>		<b>Approx £3,010,000 (not including council £500k for external public realm works)</b>	
	<b>TOTAL COST</b>	<b>5,485,000</b>	

**\*Current funding allocation of £2.66 million from SSLEP and £2.4 million from GBSLEP (£5,060,000) (shortfall of £425,000 on current approx. funds) TO BE CONSIDERED FURTHER FOLLOWING DETAILED DESIGNS & COSTINGS**



Lichfield - Cash Flow for LEP Works  
06.09.16

Element	Cost	Cost per Month (000's)																		Total	Check		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18			19	20
<b>Road Infrastructure</b>	<b>1,515,000</b>																						
Scot																			30,000	35,000	35,000	<b>100,000</b>	
New Turning Lane		30,000	60,000	60,000	20,000																	<b>170,000</b>	
New Pedestrian Crossing		65,000																				<b>65,000</b>	1,515,000
Service yards & roads generally		300,000	300,000	130,000																		<b>730,000</b>	
Road way modifications		150,000	150,000	150,000																		<b>450,000</b>	
<b>New Bus Interchange</b>	<b>725,000</b>																						
Provision of New Bus Interchange		250,000	200,000	150,000	125,000																	<b>725,000</b>	725,000
<b>Public Realm Works</b>	<b>2,245,000</b>																						
New Public Realm Works																400,000	500,000	520,000	475,000	350,000		<b>2,245,000</b>	2,245,000

4,485,000

# FRIARSGATE - Coach Park lease

Deputy Leader & Cabinet Member for Economic Growth, Development & Environment

Date: 4<sup>th</sup> October 2016

Agenda Item: 7

Contact Officer: Sarah Woffenden

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Key Decision? YES

Local Ward Members Councillors Greatorex, O'Hagan and Smedley.



## CABINET REPORT

### 1. Executive Summary

- 1.1 The purpose of the report is to request Cabinet approval to enter into agreement to lease for the new coach park. The lease is between Lichfield District Council (LDC) as tenant to Staffordshire University and South Staffordshire College, which are the parties comprising the Lichfield Campus Joint Management committee. The cabinet is requested to provide delegated approval to sign the agreement to lease on behalf of LDC, subject to planning approval.
- 1.2 The Cabinet is requested to approve the principal of the proposed coach parking arrangements & approval so that the Planning application can be submitted by LDC on behalf of the University & College.
- 1.3 The proposal for which approval is requested, as outlined in the report, is integral to delivery of the Friarsgate Development & is supported by the objectives stated in Lichfield City Centre Development Strategy and Action Plan 2016 - 2020

### 2. Recommendations

- 2.1 That Cabinet agree in principal to the proposed coach parking arrangements and approval so that the Planning application can be submitted
- 2.2 That delegated authority be given for the Cabinet Member for Finance and Democracy the Director of Place and Community & the Director of Transformation and resources to sign the agreement to lease between Lichfield District Council, Staffordshire University & South Staffordshire College.

### 3. Background

- 3.1 As part of the Friarsgate redevelopment scheme, as a result of the planned relocation of the existing bus station, a new alternative site for the provision of coach parking in Lichfield is required. The planned Friarsgate development does not include any coach parking in its new parking arrangement. The Development will remove five long - stay coach parking spaces and one drop off coach parking space. The Staffordshire University West car park, located at the University Campus has been identified as the ideal location. It is currently utilised for car parking, by the University & College, under a temporary Planning approval that has now expired.

- 3.2 Positive negotiations were undertaken with representatives from Lichfield joint campus and draft heads of terms (HOTs), for an agreement to lease were developed and are agreed in principal, with the third parties. The draft HOTs are attached at Appendix A. Solicitors are appointed to progress the agreement to lease.
- 3.3 The District Council and its Development partner U&I both recognise the value of coach tourism. A contribution of £450,000 from the developer via a unilateral undertaking has been set aside **exclusively** to fund the works to create a minimum eight place replacement coach parking bay facility.
- 3.4 GBS LEP have also offered funding for the provision of off -site coach parking for a budget figure in the sum of £500,000. The funding agreement is currently on the cabinet agenda for approval to accept funding.
- 3.5 The budget allocated for provision of the coach park and works to upgrade the temporary car park is £500k. The scheme scope & design is still to be developed and costed before a contract figure can be confirmed.
- Ultimately should the LEP funding be accepted from GBS LEP, only expenditure over the allocated £500k, would be spent from the £450k from the unilateral undertaking pot. The money left over from delivery of the coach park, would return to the development pot, which would give positive benefit to the Development's financial appraisal and viability of the scheme.
- 3.6 Additionally the unilateral undertaking secures a payment to Staffordshire County Council Education of £87,144. The remaining monies of £152,902.60 are secured for affordable housing to be spent either on or off site.
- 3.7 The coach park development work stream is being actively progressed by the Developer. U&I have committed to consultant fees & undertaken site surveys, investigations, scheme design & preparation of the Planning submission, at their cost. The current proposed coach park preliminary layout has been issued and commented on by LDC and is included in this report under Appendix B Coach park preliminary design, DPL SK216. 28.07.16.
- 3.8 The works comprise re- laying the existing car parking area & construction of the new coach parking bays together with associated drainage, illumination alterations, security & signage.
- 3.9 The Developer's Planning Consultant has prepared the Planning application which is being submitted in October 2016, by LDC on behalf of the University land owners.
- 3.10 The existing temporary car park is currently leased from the University by LDC. The car park is managed by LDC, who retain all income. LDC can negotiate managing the new car park, on behalf of the University / college, this would be subject to separate negotiations and agreement and approval is not sought for this element, in this paper.

#### Key Matters;

- The proposal requires variation of an existing covenant held by Staffordshire County Council (SCC) that restricts use, indicatively for educational purposes. This is being progressed by SCC, a delegated decision from the cabinet member for Staffordshire County Council, is required, after which legals will be instructed by SCC. Variation to the covenant will be subject to a conditional requirement, under the lease.
- The agreement to release the land covenant will also be conditional on receipt of planning approval.
- The freehold for the access road is currently with Pegasus Retirement Living. Agreement has been reached for the land to transfer to South Staffordshire College, this is being progressed by the County Council.

- Highway access enabling/ improvement works may be required at the head of the access road, these will be identified by the Developer & formalised under planning approval by consultation with the Staffordshire County Council Highways Authority.
- Agreement to lease long stop date for implementation of construction works under planning is proposed at 24 months.
- The agreement is to stipulate that works can only be undertaken with the approval of LDC
- Procurement has not been agreed, the works may be undertaken by the Developer for LDC.

Summary of draft Heads of Terms;

- Lease term 25 years, from practical completion of coach park works
- Rent £1 per annum (+ VAT)
- Full repairing and insuring lease
- Statutory consents; The tenant (LDC) will be responsible for obtaining consents
- The demise shall be used for bus/ coach / car parking purposes only. The lease is not transferable, except for transfer to bus/ coach / car park operator acting on behalf of LDC
- The tenant would be responsible for upkeep of the demised area.
- Tenant's rights to be granted; access over Landlord's adjoining land. Right to erect signage, subject to planning and Landlords approvals.
- Tenant is responsible for payment of rates
- The lease will be protected under the provisions of the Landlord and Tenant Act 1954
- Each party responsible for its own fees and costs.
- The new lease is to be incorporated within an Agreement to Lease which would deal with undertaking of works on the car parking area including obtaining planning permission for the new coach and car park.
- Nothing in the lease will prohibit either party in the delivery of its Statutory Services.

Alternative Options	1. That the Cabinet do not approve delegated authority to sign the agreement to lease. The consequence would be that when the Friarsgate development is undertaken and the new bus station is implemented, the facility to provide coach parking and the associated, substantial, economic benefits would be lost to Lichfield.
Consultation	1. Consultation has been undertaken with Lichfield Campus joint management committee, supported by car park use surveys undertaken by LDC. Also with Staffordshire County Council re Highway & covenant matters. The proposal is subject to Planning approval and associated consultation requirements.

## Financial Implications

- The Council currently operates the University Car Park retaining all of the income from the 147 spaces and paying the University a rent and a contribution towards Business Rates.
- The approved budgets contained within the Medium Term Financial Strategy 2016-20 are shown in the table below:

University Car Park				
	2016/17	2017/18	2018/19	2019/20
Income	(72,900)	(74,650)	(74,650)	(74,650)
Penalty Charge Notices	(1,600)	(1,600)	(1,600)	(1,600)
Rent payable to University	20,400	20,400	20,400	20,400
Business Rates	12,670	12,980	13,290	13,610
Running Costs	12,000	12,000	12,000	12,000
<b>Budgeted Surplus</b>	<b>(£29,430)</b>	<b>(£30,870)</b>	<b>(£30,560)</b>	<b>(£30,240)</b>

- This proposal would see 67 spaces being converted to coach parking and 80 spaces would remain with the car park being operated by the University.
- Therefore under this proposal, the Council would be responsible for the costs of operating and maintaining the coach parking area. The projected costs of this proposal are shown in the table below:

Coach Park Costs				
	2016/17	2017/18	2018/19	2019/20
Income	(1,000)	(1,000)	(1,000)	(1,000)
Business Rates	2,590	2,650	2,700	2,750
Maintenance Costs	7,000	7,000	7,000	7,000
<b>Coach Park Costs</b>	<b>£8,590</b>	<b>£8,650</b>	<b>£8,700</b>	<b>£8,750</b>

- As a consequence, the loss of the budgeted surplus together with the additional costs associated with running the new coach park mean there will be a cost pressure.
- In addition, it is anticipated that capital investment of **£200,000** will be required in approximately **20 years** to maintain the facility.
- There are two options available to the Council in relation to the funding of this capital investment need:
  - The Council could include the investment in its Capital Programme nearer the time the works are planned and the identification of funding would be part of this process.
  - The Council could establish a sinking fund and set aside money each year.
- The financial implications of this proposal are summarised in the table below:

	2016/17	2017/18	2018/19	2019/20
Loss of surplus - University Car Park	29,430	30,870	30,560	30,240
Projected costs - Coach Park	8,590	8,650	8,700	8,750
<b>Cost Pressure (No Sinking Fund)</b>	<b>£38,020</b>	<b>£39,520</b>	<b>£39,260</b>	<b>£38,990</b>
Potential Sinking Fund	10,000	10,000	10,000	10,000
<b>Cost Pressure (with a Sinking Fund)</b>	<b>£48,020</b>	<b>£49,520</b>	<b>£49,260</b>	<b>£48,990</b>

<p><b>Contribution to the Delivery of the Strategic Plan</b></p>	<ol style="list-style-type: none"> <li>1. A key target for the Council is the implementation of the Friarsgate scheme. The off- site coach park development is an associated project and a critical path programme item, closely aligned to the Friarsgate Development. Provision of the improved coach park facility will build on the value &amp; growth of coach tourism in Lichfield.</li> <li>2. The proposals are aligned to the objectives stated in Lichfield City Centre Development Strategy and Action Plan, 2016- 2020 as one of the five strategic objectives; ‘Improve the quantity, quality and appeal of the city’s attractions and facilities, to attract and cater for a year round increase in visitors and spending.</li> <li>3. Substantial economic opportunity &amp; benefits are brought to the City with the provision of the coach parking facility. Coaches are hugely valuable to businesses across Lichfield City and many rely on the trade they bring as a key element of their businesses. The city currently welcomes well in excess of 1,100[1] coaches every year (approximately three coaches per day). Coaches bring on average 36 passengers. The Confederation of Coach Passenger Travel (CPT) estimates that visitor-spend in historic cities such as Lichfield is between £27 and £34[2] per person.</li> </ol> <p>On this basis, coach visitors directly contribute between £1.12 million and £1.39 million into Lichfield City’s economy every year. This is vital to heritage attractions, restaurants, cafes, pubs, shops and small businesses. The proposed growth in spaces to nine spaces could see this figure rise to between £1.5 million and £1.85 million on current usage alone. The majority of coaches visiting Lichfield City currently don’t stay overnight. Lichfield’s City Centre Development Strategy has a stated aim to convert a sizeable percentage of coach visitors into overnight visitors. This could see the average-spend of a coach-visitors increase to £80 - 100[3] per person. If 30% of the current coaches (plus growth) were to convert into overnight coaches, this could result in coach visitors directly contributing between £2.3 million and £2.9 million into Lichfield City and the wider district’s local economy every year.</p> <p>To see a breakdown of these figures and an analysis of the value of coaches to Lichfield City, see Appendix D.</p>
<p><b>Equality, Diversity and Human Rights Implications</b></p>	<ol style="list-style-type: none"> <li>1. The proposal does not diminish any rights under the Human Rights Act 1998</li> </ol>
<p><b>Crime &amp; Safety Issues</b></p>	<ol style="list-style-type: none"> <li>1. No impact identified</li> </ol>

[1] Figure generated from ticket sales and complimentary ticket giveaways (619 in 2015) and unrecorded bays. Not all coach parking bays are ticketed (Friary Outer) so the actual coach visitor numbers are likely to be higher than 1,200 per annum.

[2] Visit Britain historic cities economic impact assessment 2009 and Tourism North East visitor spend survey 2010

[3] Visit Britain historic cities economic impact assessment 2009 and Tourism North East visitor spend survey 2010

Other coach tourism statistics <http://www.cpt-uk.org/uploads/attachment/3706.pdf> and [https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/guidance\\_coach\\_prospectus.pdf](https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/guidance_coach_prospectus.pdf)

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Programme; When Friarsgate development commences with demolition of the existing bus station, existing coach parking will be lost. Construction of the new coach park is therefore on the critical programme path.	The coach park work stream is being progressed in advance of Friarsgate site commencement date. Progress and master programme will be actively monitored. Legal matters are being addressed early.	YELLOW
B	Staffordshire University and South Staffordshire College not agreeing to lease conditions	Draft heads of terms have been liaised and agreed in principal	GREEN
C	Stafford County not removing the covenant	Letter already in place that SCC would not enforce. SCC are actively progressing delegated power to remove the covenant.	GREEN
D			

Background documents; Appendix A. Draft Heads of Terms . Appendix B. Coach park preliminary design DPL SK216 28.07.16 Appendix C. Financial Implication Appendix D. Coach Tourism Delivering Value

Relevant web links N/A

**Proposed Heads of Terms for Lease of**  
**Land at Staffordshire University Campus, The Friary, Lichfield**  
**For coach parking facilities**

Lichfield District Council (LDC) and Staffordshire University and South Staffordshire College will work together to agree the conditions that trigger the grant of the lease.

The terms set out are outline terms only and the details of the lease and the agreement for lease will need to be settled between the parties and their legal representatives.

Works will be required to accommodate the demise by the tenant and the agreement for lease will include details of the works.

Entering into the lease shall be subject to each party obtaining the necessary internal and external approvals to the grant of the lease

<b>Tenant</b>	Lichfield District Council District Council House Frog Lane Lichfield WS13 6YZ  Sarah Woffenden is the main point of contact.  Tel 01543 308116  Email: helen.bielby@lichfielddc.gov.uk
<b>Landlord</b>	Staffordshire University & South Staffordshire College (Please insert address etc)  Linda Degg is the main contact (Staffordshire University)  Tel: 01782 294380  Email: l.j.degg@staffs.ac.uk  Steve Grant is the main contact (South Staffordshire College)



Appendix A

	<p>Tel:xxx</p> <p>Email: steve.grant@southstaffs.ac.uk</p>
<b>Demise</b>	<p>The demise is the property known as:</p> <p>Land at University Campus</p> <p>The Friary</p> <p>Lichfield</p> <p>POSTCODE</p> <p>Those areas shown on the attached plan edged red.</p>
<b>Term</b>	25 years from a date to be agreed (likely PC of coach parking area)
<b>Break Clause</b>	None
<b>Rent</b>	£1 per annum (+VAT) to be paid on request by the landlord for the term of the agreement.
<b>Repair &amp; Insurance</b>	The lease shall be on a full repairing and insuring basis
<b>Use</b>	The demise shall be used for bus/coach/car parking purposes only and the lease to be inalienable except for transfer to an associated body who will operate the lease as a bus/coach/car park for the benefit of the Local Authority
<b>Statutory Consents</b>	<p>The tenant will be responsible for obtaining any consent's required for the proposed use of the demise and any construction works to be carried out prior to the occupation by the tenant.</p> <p>All other statutory consents after occupation has taken place must be sought by the tenant, with agreement in writing from the landlord.</p>
<b>Alterations</b>	No advertisements, signboards, posters, signs

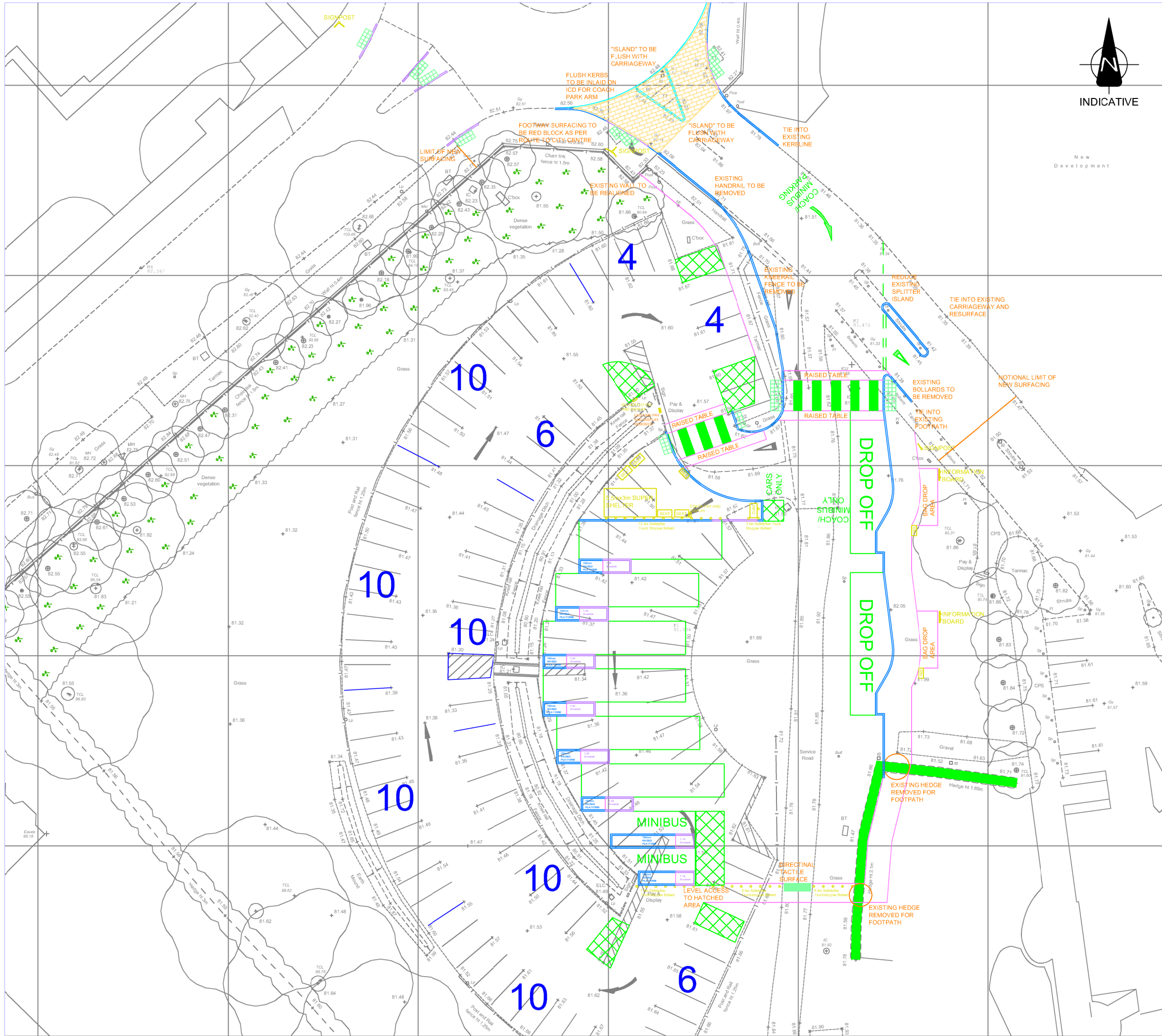
Appendix A

	<p>or notices will be displayed at the demise without the prior written consent of the Landlord which is not to be unreasonably withheld.</p> <p>The landlord should be informed of any other alterations proposed by the tenant.</p>
<b>Tenant Responsibilities</b>	<p>The tenant will be responsible for</p> <ul style="list-style-type: none"> <li>• The upkeep of the demised area ensuring that it is kept in a neat and tidy condition.</li> </ul>
<b>Rights</b>	<p>The Tenant shall be granted rights as follows:</p> <ol style="list-style-type: none"> <li>1. A right of access to be granted by the Landlord to the Tenant over adjoining land owned by the Landlord</li> <li>2. If required and at its own cost to erect signage identifying the demise in a location and of a type to be agreed with the Landlord. The tenant is responsible for gaining any planning/ advertisement consent from the Local Planning Authority as necessary. This signage should be kept clean, maintained and repaired by the tenant when necessary.</li> </ol>
<b>Rates &amp; taxes</b>	<p>The demise is rated and the Tenant will be responsible for the payment of all rates and taxes in respect of the same.</p>
<b>Security of tenure</b>	<p>The Lease will be a protected lease under the Provisions of the Landlord and Tenant Act 1954.</p>
<b>Costs</b>	<p>Each party to be responsible for their own fees and costs in the preparation of the new lease.</p>
<b>Other Terms</b>	<p>The new lease will need to be incorporated within an Agreement to Lease which would need to deal with the undertaking of the works on the car parking area along with all the necessary consents including obtaining planning permission for the new coach and car park.</p>

Appendix A

*Nothing in the terms, any draft lease, or the lease itself shall affect either party in delivery of its statutory services.*

DRAFT



- STREET FURNITURE
- NOTES
- LINING
- STANDARD KERB
- DROPPED KERB
- FLUSH KERB
- EDGING
- TACTILE SURFACING
- RED BLOCK SURFACING (TO MATCH SIDE ROAD ACCESSES LOCALLY)

**NOTES:**  
 NEW FOOTWAY CONSTRUCTION WITHIN COACH PARK TO MATCH ROUTE TO CITY CENTRE.  
 CARRIAGEWAY CONSTRUCTION TO BE SPECIFIED BY HIGHWAY AUTHORITY.



**DEVELOPMENT PLANNING LIMITED**  
 Tel : 07473751305 Email : info@dev-planning.co.uk  
 http://www.dev-planning.co.uk

CLIENT: DEVELOPMENT SECURITIES (LICHFIELD) LIMITED

PROJECT: FRIARSGATE LICHFIELD

TITLE: COACH PARK PRELIMINARY DETAILS

SCALE: NTS	APPROVED: DRS	DATE: 28/07/16
PROJECT No: 2014060	DRAWING No: DPL SK216	REV: -

2016/17 2017/18 2018/19 2019/20

**APPROVED BUDGET**

<b>P &amp; D University Car Park</b>				
Income - for 147 spaces	(72,900)	(74,650)	(74,650)	(74,650)
Penalty Charge Notice (PCN) Income <sup>1</sup>	(1,600)	(1,600)	(1,600)	(1,600)
Rent payable to University	20,400	20,400	20,400	20,400
Business Rates - RV £25,500	12,670	12,980	13,290	13,610
Running Costs <sup>2</sup>	12,000	12,000	12,000	12,000
<b>Budgeted Costs</b>	<b>(29,430)</b>	<b>(30,870)</b>	<b>(30,560)</b>	<b>(30,240)</b>

<sup>1</sup> Based on 2015/16 actual for the whole car park

<sup>2</sup> Includes Cash Collection (3k - Cash Collected basis) , Pay & Display (P&D) machine Repairs & Maintenance (£2k - prorated per P&D machine), Car Park Management (1.5k - % time), Street Lighting (2k - actual), Share of other General expenditure (prorate per car park)

**COST MODELLING**

<b>Coach Park Costs</b>				
Income	(1,000)	(1,000)	(1,000)	(1,000)
PCN Income	0	0	0	0
Business Rates	2,590	2,650	2,700	2,750
Maintenance Costs	7,000	7,000	7,000	7,000
<b>Coach Park Costs</b>	<b>8,590</b>	<b>8,650</b>	<b>8,700</b>	<b>8,750</b>

<b>Cost Pressure excluding Sinking Fund</b>	<b>38,020</b>	<b>39,520</b>	<b>39,260</b>	<b>38,990</b>
Sinking Fund Contribution - £200k over 20 years	10,000	10,000	10,000	10,000
<b>Total Cost Pressure</b>	<b>48,020</b>	<b>49,520</b>	<b>49,260</b>	<b>48,990</b>

<b>Assumption</b>	<b>Risks/Opportunities</b>
<b>Income</b> - currently £55 average per month income received for 5 spaces, pro rate up for 8 spaces	Increase Coach Parking rates
<b>PCN Income</b> - PCN's to coaches are not common and LDC would not be collecting the Universities share of PCN income	Increase Coach Parking rates
<b>Business Rates</b> - pro rate on current charge per space	VOA valuation is unknown
<b>Maintenance</b> - CPE costs remain as fixed value, similar Car Park Management, reduction by approximately half for P&D machine/Lighting/General Expenses (5.5k); increase in other areas for shelter cleaning, litter picking (1k)	Contracts are not variable therefore cost reductions cannot be achieved

**2nd Stage**

The second stage of the agreement is the potential to manage the University's car park on their behalf. Anticipate this would produce a net saving to the Council as we would look to recover some costs for fixed contracts and overheads.

# Lichfield City Coach Tourism

## Delivering value through group travel

31 May 2016 v1

### Background

Lichfield City welcomes well in excess of 1,100<sup>1</sup> coaches every year (approximately three coaches per day). Coaches bring on average 36 passengers. The Confederation of Coach Passenger Travel (CPT) estimates that visitor-spend in historic cities such as Lichfield is between £27 and £34<sup>2</sup> per person.

On this basis, coach visitors directly contribute between £1.12 million and £1.39 million into Lichfield City's economy every year. This is vital to heritage attractions, restaurants, cafes, pubs, shops and small businesses. The proposed growth in spaces to nine spaces could see this figure rise to between £1.5 million and £1.85 million on current usage alone.

The majority of coaches visiting Lichfield City currently don't stay overnight. Lichfield's City Centre Development Strategy has a stated aim to convert a sizeable percentage of coach visitors into overnight visitors. This could see the average-spend of a coach-visitor increase to £80 - 100<sup>3</sup> per person. If 30% of the current coaches (plus growth) were to convert into overnight coaches, this could result in coach visitors directly contributing between £2.3 million and £2.9 million into Lichfield City and the wider district's local economy every year.

### The value of coach tourism in Lichfield and potential growth

Analysis of value of coaches to Lichfield City	Coaches	Customers	Estimated spend for day visitors <i>Low estimate - £27.91</i> Visit Britain historic cities spend 2009	Estimated spend for day visitors <i>High estimate- £34.59</i> Tourism North East visitor spend survey 2010
<b>Current market</b>				
Lichfield – recorded sales & free tickets	619	22,284	£621,946	£770,804
Lichfield estimated coaches – not ticketed spaces	500	18,000	£502,380	£622,620
<b>Total</b>	1,119	40,000	£1,124,326	£1,393,424
<b>Potential growth with nine spaces</b>				
Potential income based on 8 spaces approx. fully occupied at current levels	990	35,640	£994,712	£1,232,788
Lichfield estimated coaches – not ticketed spaces	500	18,000	£502,380	£622,620
<b>Total</b>	1,490	53,640	£1,497,092	£1,855,408
<b>Potential growth with overnight passengers</b>				
30% overnight passengers	447	16,092	£1,287,360	£1,609,200
70% day passengers	1,043	37,548	£1,047,965	£1,298,785
<b>Total</b>	1,490	53,640	£2,335,325	£2,907,985

1 Figure generated from ticket sales and complimentary ticket giveaways (619 in 2015) and unrecorded bays. Not all coach parking bays are ticketed (Friary Outer) so the actual coach visitor numbers are likely to be higher than 1,200 per annum.

2 Visit Britain historic cities economic impact assessment 2009 and Tourism North East visitor spend survey 2010

3 Visit Britain historic cities economic impact assessment 2009 and Tourism North East visitor spend survey 2010

Other coach tourism statistics <http://www.cpt-uk.org/uploads/attachment/3706.pdf> and [https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/guidance\\_coach\\_prospectus.pdf](https://www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/guidance_coach_prospectus.pdf)

## Value of coaches comparison

City/area	Coaches	Customers	Value (low estimate)	Value (high estimate)
Birmingham	2175	91,000	£2,539,810	£3,147,690
Coventry	500	20,000	£558,200	£691,800
Black Country Museum	417	23,900	£667,049	£826,701
Drayton Manor	266	19,640	£584,152	£679,348
Safari Park	200	12,700	£354,457	£439,293
Stratford	155	6,250	£174,438	£216,188
Church Stretton	140	3,600	£100,476	£124,524
Ironbridge	93	5,230	£145,969	£180,906
Wolverhampton	30	1200	£33,492	£41,508

2010 figures - CPT

## Comparison parking spaces

Lichfield is an historic city and has to operate within the constraints and challenges this presents. Other cities face similar challenges, and we have assessed a number of similar cities to identify the coach parking space provision in these locations to offer a comparison:

**Tamworth** has eight long-stay coach parking spaces within easy walking distance of the town centre, as well as the use of five drop-off coach parking spaces in the centre of the town.

**Bath** has 43 long-stay coach parking spaces within easy walking distance of the town centre, as well as the use of 2 dedicated drop-off coach parking spaces in the centre of the city.

**York** has 70 long-stay coach parking spaces within easy walking distance of the city centre.

## Link to Friarsgate

The planned Friarsgate development does not include any coach parking spaces in its new parking arrangement. It will however remove five long-stay coach parking spaces and one drop off coach parking space from the bus station site.

Because of this, and because our development partners U&I and the district council both recognise the value of coach tourism, a condition of the planning application is that the developers will fund identify and fund the works to create a minimum of nine replacement coach parking bays elsewhere in the city to allow for growth in the coach market.

The most ideal location for these space, identified follow a full options appraisal is the University West Car Park, located at the University Campus. This plan has the full support of the Lichfield City Centre Development Partnership.

## Current situation

Currently there are seven long-stay coach parking spaces and three drop off spaces in Lichfield City centre.

Location	Number of spaces	Long-stay parking		Drop-off spaces
		Pay & display	Un-ticketed	Load/unload
Birmingham Road Bus Station	5	✓		
Friary Outer	2		✓	
Beacon Street	1			✓
Birmingham Road Bus Station	1			✓
Lichfield Garrick/Castle Dyke	1			✓
Total spaces	10	5	2	3

## **The importance of coach drivers & attractive coach parking locations**

Lichfield is a Coach Friendly City. This award is presented by the Confederation of Coach & Passenger Transport (CPT) and is widely recognised across Europe. The award reflects Lichfield District Council's approach to accommodating both coach passengers and coach drivers.

The role of coach drivers must not be downplayed in encouraging coach visitors into Lichfield City. Coach drivers are very influential in selecting destinations for groups – particularly where half-day stop offs are concerned, which are an important element of Lichfield's coach visitors.

The CPT highlighted 'looking after coach drivers' as best practice. Cities such as Chesterfield have seen a 366%<sup>4</sup> increase in coach visitor numbers, through implementing practices that take care of both the driver and the visitors.

Visit Lichfield has worked hard to encourage coaches who visit the National Memorial Arboretum to see Lichfield as the natural stop off for morning coffee or afternoon tea. Visit Lichfield has done this by developing attractive tour packages for customers, as well as providing a range of services for coach operators and drivers. These include vouchers for coach drivers, clear signage to toilets, coach driver information packs, coach operator familiarisation visits, and more. All of this has been recognised in the CPT Coach Friendly award.

As such, it is the recommendation of the Visit Lichfield team that out of town coach parks, offering minimal facilities for drivers, will have a negative impact on the number and value of coach visitors to the city and hamper future growth.

## **The needs of coaches**

Coaches are very valuable, with the costs of some coaches exceeding £250,000 from new. As such, the security arrangements at coach parking locations are key to providing drivers/operators with the confidence that visiting Lichfield is a safe option.

The current spaces within the bus station benefit from CCTV and it is important that the new site developed also benefits from CCTV coverage.

Currently coach visitor statistics are not fully monitored. Some coach spaces are not ticketed. This both impacts on visitor statistics, but also coach ticket sale income. It also requires the services of the Tourist Information Centre to issue coach tickets.

Within the new arrangement the council is keen to install ticket machines next to each coach location, so that the issuing of tickets can take place on site, complete statistics can be collected, and the enforcement of coach parking can be carried out by appointed agencies on behalf of the council.

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<sup>4</sup> See best practice examples from CPT



## **Coach and Passenger Transport Federation (CPT) examples of best practice**

Chesterfield has embraced coach tourism through its coach friendly initiatives. To attract coaches and improve passenger experience, Chesterfield has implemented various measures including a free centrally located coach park with on-site rest room for drivers, and has made information and directions available to ensure a smooth and enjoyable visit. This coach friendly approach has seen a 366 per cent increase in the number of coaches to the town since 2003.

Durham County Council and City Council worked in partnership with CPT to improve the coach facilities and passenger experience and so encourage more coaches into the city. With more visitors, Durham is able to reap the economic benefits of coach tourism. Coaches now arrive at the city's Walkergate entertainment and leisure complex, providing passengers with easy access to the Gala Theatre, the Tourist Information Centre and a mix of restaurants. To aid passengers and drivers, a 'meet and greet' service is available upon arrival, as well as access to free coach parking.

Alnwick Castle and Garden is famous for being a location of the Harry Potter films, and they have become two of the region's major attractions and leading coach destinations. In 2009, advanced coach bookings alone brought 26,000 visitors. There, coaches have access to a convenient drop-off and pick-up area at the Garden's entrance and free parking, while refreshment vouchers are provided for drivers. In co-operation with Northumberland County Council, CPT has also worked to improve parking in Alnwick town centre and better signage from the A1 trunk road to the town and Castle. In recognition of their achievements they were all awarded CPT's Coach Friendly Award.

Liverpool: Working in partnership, as part of the Coach Tourism Working Group, CPT North West is helping to make Liverpool coach friendly. The city's coach parking infrastructure has been improved with a total of 39 medium stay coach parking bays and 5 pick-up and drop-off bays. A coach welcome scheme based at the Anglican Cathedral, has volunteers providing passengers with city information and with drivers a refreshment voucher. Schemes like this really help to enhance visitor experience and encourage visitors back to the city.

The city of Bath benefits from coach tourism, receiving thousands of coaches over the summer. The spending power of these coach passengers generates high levels of revenue for the area. The drivers enjoy high quality refreshment and rest facilities at the well located and managed central coach park. The facilities are well signed and information is available in advance for drivers and operators not familiar with the area.

To encourage 'best practice' in local authorities, CPT has presented the coveted Coach Friendly awards to two towns in the West Midlands, Stratford upon Avon and Lichfield. These awards were made following each town's willingness to improve access, signage, coach parking, toilets, and other facilities to both drivers and passengers. The improvements were made to a high standard, which encourages further travel by coach.

### **Any questions?**

Email [elizabeth.thatcher@lichfielddc.gov.uk](mailto:elizabeth.thatcher@lichfielddc.gov.uk)

# Review of outsourced printing services

CLlr Helen Fisher, Cabinet Member for Tourism and Communications

Date:	4 October 2016
Agenda Item:	8
Contact Officer:	Elizabeth Thatcher
Tel Number:	01543 308781
Email:	elizabeth.thatcher@lichfielddc.gov.uk
Key Decision?	YES
Local Ward Members	N/a



**CABINET**

## 1. Executive Summary

- 1.1 Lichfield District Council outsources approximately £80,000 print per year to Walsall Metropolitan Borough Council (WMBC) through a shared service agreement.
- 1.2 The current agreement was put in place in 2010 and has since expired and needs to be renewed / replaced.
- 1.3 A procurement benchmark exercise was carried out this summer to test the market to help the council decide the future provider of print services.
- 1.4 The review showed that the current supplier WMBC represents best value.
- 1.5 As part of the review, internal customers were surveyed in relation to their satisfaction levels with the current service provided by WMBC. This demonstrated that satisfaction levels are very high, with no issues identified.
- 1.6 Lichfield District Council has a Memorandum of Understanding with Tamworth Borough Council which encourages services to be shared where possible and practical between the two councils. As part of the review Tamworth Borough Council confirmed that they do not have an internal print unit that could deliver a shared service alternative to WMBC.

## 2. Recommendations

- 2.1 It is recommended Cabinet approve that:
- 2.2 A new shared service agreement is established with Walsall Metropolitan Borough Council (WMBC) for outsourced print services for three years (1 November 2016 – 31 October 2019), with an option to extend by a further 24 month period (1 November 2019 – 31 October 2021).
- 2.3 Authority is delegated to the Cabinet Member for Communications and Tourism together with the Director of Transformation & Resources to prepare and approve the new shared service agreement.

## 3. Background

- 3.1 Lichfield District Council outsources approximately £80,000 print per year.
- 3.2 This includes council agendas and reports, leisure marketing materials, recycling calendars, and daily paperwork items such as calling cards, envelopes, carbon copy pads that are required as part of the routine work of teams across the council. It does not include printing of council tax bills.
- 3.3 Since the closure of the council's internal reprographics service, teams across the council have commissioned print directly from WMBC.
- 3.4 The service sees two deliveries take place every week from WMBC to the district council house and outlying offices.
- 3.5 The service is supported by a suite of online forms available on Brian (the intranet) which makes ordering straight forward and efficient.
- 3.6 Since the inception of the service, internal officer satisfaction has been high. In a survey carried out in September 2016, 100% of managers that responded stated they were very satisfied with the service.
- 3.7 There have been no major issues throughout the duration of the agreement. Whenever any issues have arisen Walsall MBC has rectified them swiftly and to the satisfaction of the council.
- 3.8 The shared service agreement with WMBC has expired and a procurement benchmark exercise has been carried out to ensure that the council is compliant with regulation 12 of the Public Contract Procurement Rules (PCR) 2015.
- 3.9 The benchmark exercise was carried out in summer 2016 by Staffordshire County Council's Commercial Team on behalf of Lichfield District Council (see Appendix 1 – please note, the quotes provided by unsuccessful commercial operators in this appendix have been anonymised due to their confidential commercial nature).
- 3.10 Its purpose was to test the market to see if other operators could provide the same level of service at a better price, and then, if WMBC were proven to be the most competitive, to confirm compliance with regulation 12 of the PCR 2015 for a new shared service agreement between Lichfield District Council and WMBC for the provision of print services.
- 3.11 A part of the benchmark process, three operators provided a quote. From the responses provided, Walsall Metropolitan Borough Council proved the best value on a price basis, when print and delivery costs were taken into consideration.
- 3.12 The benchmark exercise carried out by Staffordshire County Council (SCC)'s Commercial Team included the following steps:
  - SCC carried out a benchmark exercise using the Crown Commercial Services Framework RM1687.
  - There was a low response to this – just one operator quoted alongside the incumbent provider (Walsall MBC).
  - SCC extended the benchmark exercise to include local companies not on the framework.

- SCC selected the companies to quote based on proximity to Lichfield and ability to produce the required output. This included Staffordshire County Council’s print service which chose not to submit a quote.
- Again, there as a low response to this – just one operator quoted alongside the incumbent provider (Walsall MBC).

3.13 In addition to a quote from WMBC, two alternative quotes were sourced as part of the benchmark process. As a result, SCC advises that Regulation 12 of the Procurement Regulations can be used to justify the creation of a new agreement with Walsall MBC.

3.14 The report from SCC (see Appendix 1) contains the following recommendation:

*The service as it stands has been proven to be competitive and it complies with regulation 12 of the Public Contract Regulations 2015 for the following reasons:*

- *There is a clear public benefit – there are no associated costs of tendering for the service for the tax payer.*
- *The arrangement is on a not for profit basis – Walsall MBC only recover their costs and a minimal administration fee.*
- *No private sector organisation is disadvantaged - the majority of print is done by Walsall MBC in house, but where they cannot deliver the print (for example they are overloaded with other jobs and need extra capacity, or where Lichfield DC ask for something unusual – printing on mugs etc.) then Walsall will outsource this work. This is outsourced to a range of local companies who have all applied to be on Walsall’s framework – suppliers have to comply with set criteria to get on the Framework.*

*Following the process and on balance of a number of factors, Staffordshire County Council recommend that Lichfield remain with Walsall MBC for its outsourced printing services without the need for a full OJEU tender.*

3.15 This recommendation has been scrutinised by the council’s internal procurement and contract team, including the council’s Monitoring and Section 151 officers.

3.16 The shared service agreement developed will be flexible enough to reflect the emerging ambitions of the council to become increasingly less reliant on paper and more reliant on online technologies as part of its channel shift ambitions, and the potential impact of the leisure review and any other future reviews, as set out in the district council’s Strategic Plan 2016 – 2020.

Alternative Options	1. Carry out a full tender. This would be costly and there is no requirement to do so.
Consultation	1. Internal teams have been consulted and satisfaction levels with the current provider Walsall MBC are high.

Financial Implications	<p>1. The new shared service agreement will be commissioned in line with existing budgets and a growth in budget is not forecast – as shown below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>Spend £</th> <th>Year</th> <th>Budget £ (estimated)</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>£80,993</td> <td>2016/17</td> <td>£82,120</td> </tr> <tr> <td>2014/15</td> <td>£86,634</td> <td>2017/18</td> <td>£82,280</td> </tr> <tr> <td>2015/16</td> <td>£70,090</td> <td>2018/19</td> <td>£82,440</td> </tr> <tr> <td></td> <td></td> <td><b>Total over 3 years</b></td> <td><b>£246,840</b></td> </tr> </tbody> </table> <p>2. The agreement will be developed to be flexible and adaptable, so should developments come forward that reduce the need for printed materials, the costs will fall.</p>	Year	Spend £	Year	Budget £ (estimated)	2013/14	£80,993	2016/17	£82,120	2014/15	£86,634	2017/18	£82,280	2015/16	£70,090	2018/19	£82,440			<b>Total over 3 years</b>	<b>£246,840</b>
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Contribution to the Delivery of the Strategic Plan	<p>1. The print service supports the everyday business of teams across the council.</p> <p>2. External print is something the council is keen to reduce where possible, and as such the new agreement will be drafted to ensure it is flexible and can adapt to meet any changes introduced as a result of the emerging channel shift agenda.</p>
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Equality, Diversity and Human Rights Implications	<p>1. This in an internal services for print production only. It does not include design services, which do have an impact on equality issues, hence an equality impact assessment has not been carried out.</p>
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Crime & Safety	<p>1. N/a</p>
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	The new agreement will not be compliant with Contract Procedure Rules	This is unlikely given the advice provided by Staffordshire County Council’s Commercial Team.	Green
B	The decision to form a new partnership with Walsall MBC is challenged	This is unlikely given the advice provided by Staffordshire County Council’s Commercial Team and confirmation by Lichfield District Council’s legal, contract and procurement teams. Equally strong case law exists including Hamburg and Tekkel that demonstrates that partnerships between public bodies can be compliant with procurement rules.	Green
C	Walsall MBC cease providing partner printing services	Walsall MBC have confirmed they are very keen to repitch for the business. Clearly due to future changes to local government, at some point the agreement may need to be reviewed, as such flexible break points will be built in.	Green
D	Lichfield District Council stop needing printed items during the term of the agreement.	Clearly due to future changes to local government, the level of print the council requires may reduce considerably over time, however it is unlikely to ever reduce to £0. As such flexible break points will be built in.	Green

<p><b>Background Documents</b></p> <p>Appendix 1: Benchmark Report (regulation 12 compliance) – the quotes provided by the unsuccessful commercial operators in this appendix have been anonymised due to their confidential commercial nature.</p>
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## BENCHMARK REPORT

(regulation 12 compliance)

**To:** Elizabeth Thatcher

**Report Date:** 8 September 2016

**Contact:** Laura Kendall (01785 854656)

**Designation:** Assistant Category Manager

**Procuring Authority:** Staffordshire County Council

**Contracting Authority:** Lichfield District Council

**Address:** District Council House, Frog Lane, Lichfield. WS13 6YU

**REPORT TO THE  
DIRECTOR OF  
TRANSFORMATION &  
RESOURCES**

### PRINT SERVICE BENCHMARK FOR LICHFIELD DISTRICT COUNCIL

REF: LDC01

#### 1.0 Purpose of the Report

The purpose of this report is to confirm compliance with regulation 12 of the PCRs 2015 for the shared service agreement between Lichfield District Council and Walsall Metropolitan Borough Council for the provision of print services.

#### 2.0 Period

1st November 2016 – 31st October 2021

#### 3.0 Value of Consideration

£80,000 per annum

#### 4.0 Operation and Scope

The shared service with Walsall Metropolitan Borough Council is for the provision on print services for Lichfield District Council, which includes democratic papers, glossy print, posters, leaflets as well as everyday items such as NCR pads/calling cards. The contract also includes two weekly deliveries to a range of seven delivery points within Lichfield District and an online ordering system. A benchmark was conducted by inviting suitable suppliers to bid on a basket of jobs, to determine if the service with Walsall Metropolitan Borough Council is best value for Lichfield District Council.

#### 5.0 Strategic Implications

To ensure that the service complies with regulation 12 of the Public Contract Regulations 2015.

#### 6.0 Executive Summary

- Before the benchmark was published potential providers were asked by email if they would be interested in providing a quote. Three economic operators (including Staffordshire County Council's print unit) declined the opportunity to offer a price, therefore were not included in the opportunity.
- The opportunity was run twice. The first time round Walsall and Company C returned a response and then the second time round Walsall and Company B returned a response.

- 4 Economic Operators along with the Incumbent provider Walsall Council were invited to quote.
- 2 Economic Operators did not respond. One of those who did not respond is Staffordshire County Council's print unit.
- 3 Economic Operators submitted responses – Walsall MBC, Company B and Company C. *We have excluded the names of the companies that provided quotes within this report due to the commercial nature of the quotations.*

The results of the responses were as follows:

<b>Comparison table</b>	<b>Walsall Metropolitan Borough Council</b>	<b>Company B</b>	<b>Company C*</b>
A4 single sided black and white (10,000)	£300.00	£400.00	£14,400
A4 double sided black and white (10,000)	£500.00	£700.00	£14,800
A3 single sided black and white (10,000)	£500.00	£700.00	£14,400
A3 double sided black and white (10,000)	£900.00	£1,500.00	£14,800
A4 single sided colour (10,000)	£800.00	£1,200.00	£15,300
A4 double sided colour (10,000)	£1,500.00	£2,400.00	£16,600
A3 single sided colour (10,000)	£900.00	£2,400.00	£15,300
A3 double sided colour (10,000)	£160.00	£4,400.00	£16,600
Basket of jobs (as per quote)	£30,464.46	£37,781.00	£29,718.38
Delivery (as per quote)	£2,600.00	£0.00	£59,280
Online system (as per quote)	£0.00	£0.00	£8,200
<b>Total</b>	<b>£38,624.46</b>	<b>£51,481.00</b>	<b>£219,398.38*</b>

\*The quote provided by Company C different from the quotes provided by Walsall Metropolitan Borough Council and Company B. Staffordshire County Council's procurement team approached Company C to question the quote and ask them to resubmit as part of the overall exercise. Company C declined to resubmit.

## 7.0 Recommendation

The service as it stands has been proven to be competitive and it complies with regulation 12 of the Public Contract Regulations 2015 for the following reasons:-

- There is a clear public benefit – There are no associated costs of tendering for the service for the tax payer
- The arrangement is on a not for profit basis – Walsall only recover their costs and a minimal administration fee
- No private sector organisation is disadvantaged - The majority of print is done by Walsall in house, but where they cannot deliver the print (for example they are overloaded with other jobs and need extra capacity, or where Lichfield ask for something unusual – printing on mugs etc.) then Walsall will outsource this work. This is outsourced to a range of local companies who have all applied to be on Walsall's framework – Suppliers have to comply with set criteria to get on the Framework.

Following the process and on balance of a number of factors, Staffordshire County Council recommend that Lichfield remain with Walsall Metropolitan Borough Council for its outsourced printing services without the need for a full OJEU tender.

That said, this advice is given in good faith based only on the facts we have been provided, and therefore we can only recommend that Lichfield District Council ensure that they carry out their own due diligence to reach their own independent conclusion before determining the best course of action.

Elizabeth Thatcher, Communications and Tourism Manager for Lichfield District Council is the client for this procurement and is in agreement with this recommendation.

## 8.0 Report Signatories

The following officers are signatories to this report

**Laura Kendall, Assistant Category Manager:**

Signed 

Date 12/07/2015

**Neil Turner, Director of Transformation & Resources**

Signed 

Date